



East Gippsland Shire Council

Annual Report 2016-17

Annual Report for 2016-17

East Gippsland Shire Council is committed to transparent reporting and accountability to its community. The 2016-17 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 *2016-17 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 2016 to 30 June 2017*.

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.

This plan is in its final year; Council adopted the Council Plan 2017-2021 in June 2017.

Where to find 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.

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 2016-17

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 6)

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

3. Our Council (from page 14)

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

4. Our Organisation (from page 22)

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

5. Our Performance (from page 31)

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 99)

This section shows how Council performed financially from 1 July 2016 to 30 June 2017. It also shows the overall financial position of Council as at 30 June 2017.

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 East Gippsland as “the most liveable region in Australia”.

This statement of purpose was made by the Council elected in November 2016.

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 Landfill
- 5 Aerodromes
- 6 Outdoor pools
- 7 Greatlink 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.



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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 change and progression for the organisation. A new Council was elected in October 2016 following a vigorous campaign period. During the reporting year the new Council developed and adopted its four-year Council Plan, following an extensive community consultation process.

The new Council quickly identified a focus on promoting and supporting economic activity in the region to ensure East Gippsland is seen as 'open for business'.

Council has taken advantage of a number of opportunities for high-level, strategic advocacy. These include advocating for better rail services following the results of the Gippsland Rail Needs Study and taking part in the Victorian Government's regional engagement initiative, the Gippsland Regional Assembly.

Council is developing projects and initiatives to attract international visitors and build the region's reputation for adventure tourism. Our shire's natural assets lend themselves particularly well to this fast-growing, emerging tourist sector.

Internally, Council established its new data centre that will provide a more stable backbone to service the current and future technical requirements of Council's customer service centres, libraries, recreation centres, caravan parks and other business enterprises throughout the shire.

Council also continued its investigations into a new payroll and finance system, and undertook reviews of functions such as governance and project management to identify efficiencies and service improvements.

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 reporting against the Council Plan 2013-2017. You'll find our report on our progress against the Council Plan beginning on page 32.

The previous Council, elected in 2012, finished its term last October. We would like to thank outgoing councillors for their service to the East Gippsland community.

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



Cr Joe Rettino
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 2016-17. The 2016-17 Long-term Financial Plan focused on improving Council's financial position, ensuring its long-term financial sustainability.

Financial snapshot

- \$102.1 million revenue against a budgeted \$96.7 million;
- Rates and Charges comprised \$52.8 million (51.8%) of the total operating revenue;
- \$89.9 million expenditure against a budgeted \$82.6 million;
- Operating surplus of \$12.157 million (budget \$14.085 million);
- \$23.7 million Capital Works Program delivered against a budgeted \$32.3 million;
- Cash holdings increased by \$4.6 million from \$26.1 million in 2015-16 to \$30.7 million in 2016-17; and
- Net debt decreased by \$1.8 million from \$8.4 million in 2015-16 to \$6.6 million in 2016-17.

Council focuses on three key areas of financial performance as a guide to its sustainability.

These areas 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 2016-17 is 89.64%. Although the planned asset renewal was greater than the 100% target, some projects were not completed within the financial year, resulting in the renewal percentage achieved being below target. These incomplete projects will add to the renewal spend in the 2017-18 financial year.

Cash holdings

Cash holdings is about Council's ability to pay for its 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 \$6.6 million as at 30 June 2017.

The financial highlights provide an overview of council financial performance for the 2016-17 year.

Challenges this year included rate capping imposed by the state government and adjustments for income reimbursements for natural disaster events. There were also write offs for infrastructure assets that were impaired or Council no longer owned or controlled the asset. However, the operating result is pleasing, taking into account that the advance

payment of \$7.6 million of the 2017-18 Financial Assistance Grant was received in the 2016-17 year.

Council's operating results

Council achieved an operating surplus of \$12.157 million compared to a \$2.299 million surplus in 2015-16. This is greater than last year's result by \$9.858 million but \$1.9 million less than the \$14.085 million operating surplus forecast in the 2016-17 Annual Budget. The operating surplus in 2016-17 though includes unbudgeted income of \$7.6 million for an advance payment of the 2017-18 Financial Assistance Grant. Without this payment, the operating surplus would have been \$4.5 million, which is \$10.5 million less than budgeted.

The most significant items impacting on the 2016-17 operating result were a reduction in income, due to adjustments for income reimbursements for natural disaster events, as well as unbudgeted expenses relating to write offs for infrastructure assets (\$5.0 million), after taking into account that the advance payment of \$7.6 million of the 2017-18 Financial Assistance Grant was received in the 2016-17 year.

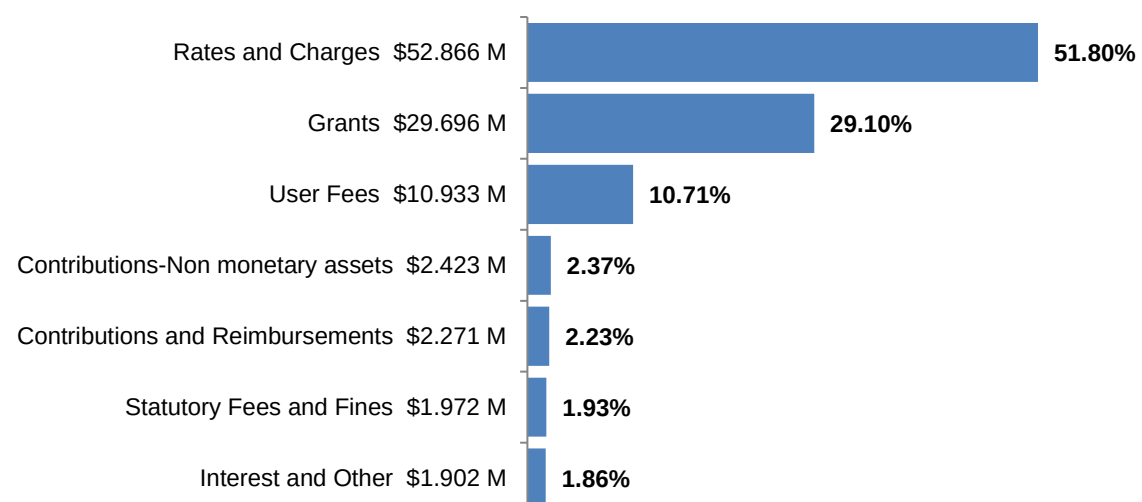
While the operating surplus is, overall, a good result, an important indicator of financial sustainability is the Underlying Result. This removes all non-recurrent capital income to show the true operating position. An underlying surplus indicates that all operational expenditure including depreciation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

Council recorded an underlying surplus of \$7.0 million this year compared to an underlying deficit of \$4.977 million last year. The \$7.6 million Financial Assistance Grant advance payment impacted the 2016-17 result.

Income

This year's operating income totalled \$102 million; \$5.3 million more than budget. This was mainly due to the advance payment of \$7.6 million of the 2017-18 Financial Assistance Grant. Budgeted reimbursement income for natural disaster events of \$4.5 million was not received in the 2016-17 year and significantly impacted on the end of year surplus.

The graph below shows the breakdown of Council's income in 2016-17:



Rates and charges

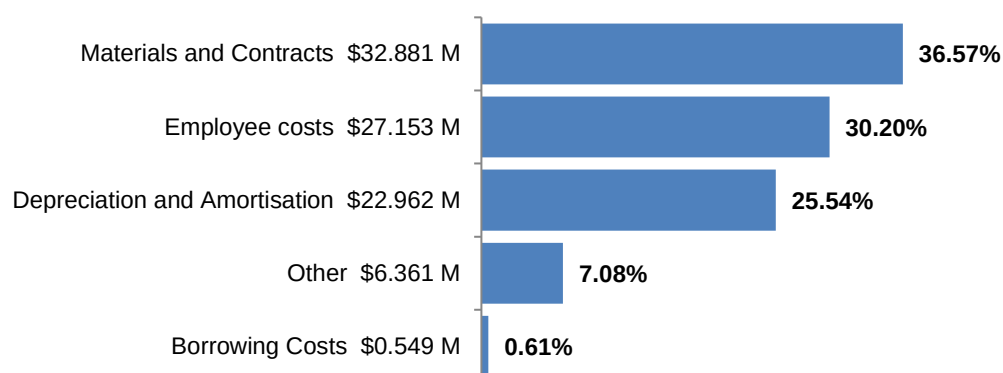
Rates and charges income was \$52.8 million, or 51.8% of total income (compared to 56.8% in 2015-16). The current year's total revenue includes an advance payment of \$7.6 million of the 2017-18 Financial Assistance Grant which reduced the percentage of revenue derived from rates and charges.

Other revenue sources

Grant funding was \$29.6 million this financial year and accounted for 29.1% of total income, compared to 21.9% last year. The percentage of total income from grants has been impacted in 2016-17 mainly as a result of the advance payment of the Financial Assistance Grant.

User fees accounted for 10.7% of total income compared to 11.7% in the previous year. The percentage of total income derived from fees and charges was also impacted as a result of the advance payment of the Financial Assistance Grant in 2016-17 year.

The graph below shows the breakdown of Council's operating expenditure in 2016-17:



Operating expenditure

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

- Employee expenses 30%
- Materials and services 37%
- Depreciation 25%

This year's operating expenditure totalled \$89.9 million, which was \$7.2 million more than forecast in the budget. Unbudgeted expenditure of \$5.1 million was incurred during the year for the write off and adjustments to written down values for various infrastructure assets.

Employee costs were \$27.1 million (\$25.7 million in 2015-16) and accounted for 30.2% of total expenditure compared to 29.5% in the previous year. This was \$860K more than the budget due to additional employee costs for new grant-funded programs that were not included in the budget.

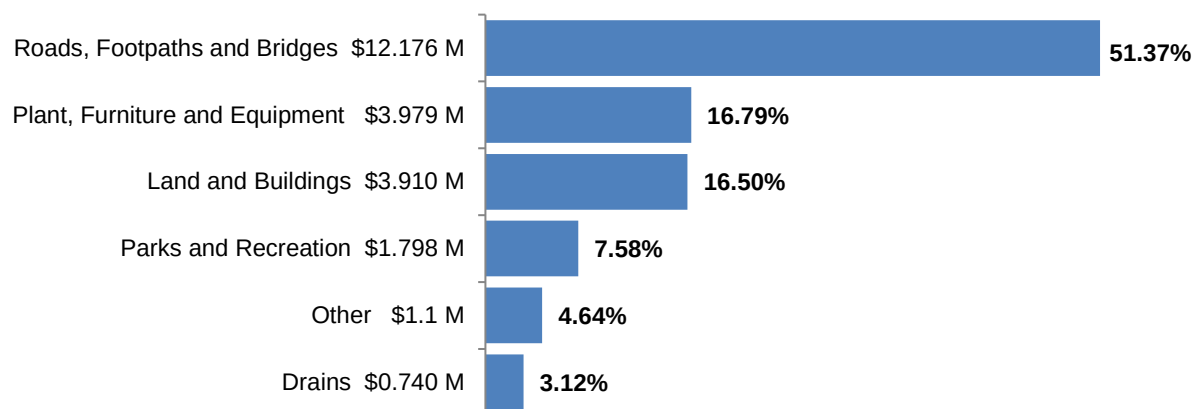
Materials and Contracts expenditure was \$32.8 million this year, \$2.4 million less than last year and accounted for 36.5% of total operating expenditure compared to 40.43% in 2015-16. Materials and Contracts exceeded the budget expenditure by \$2 million primarily as a result of the unbudgeted natural disaster expenditure of \$1.4 million and landfill rehabilitation provision expenditure of \$0.6 million.

Depreciation and amortisation was \$22.9 million this year, \$2.2 million more than the previous year and accounted for 25.5% of total operating expenditure compared to the previous year of 23.8%.

Capital expenditure

In addition to the operating expenditure, Council spends money on capital projects that will benefit the community for many years. This year's capital expenditure was \$23.7 million; \$8.6 million less than budget. This was due to the timing of some projects that will not be completed until 2017-18.

The graph below shows the major capital expenditure categories for the 2016-17 year:



Roads and Bridges capital expenditure was \$12.1 million this year, \$1 million more than last year, and accounted for 51.3% of total capital expenditure compared to 43.5% 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.

Land and Buildings capital expenditure was \$3.9 million this year, \$0.5 million more than last year, and accounted for 16.5% of total capital expenditure compared to 13% last year.

Parks and Recreation capital expenditure was \$1.8 million, \$1.9 million less than last year. It accounted for 7.5% of total capital expenditure compared to 14% last year.

Balance sheet

Council has maintained a healthy balance sheet this year. Net Assets were \$900 million as at 30 June 2017 compared to \$888 million last year. This is an increase of \$12 million and is mainly due to the operating surplus of \$12.1 million.

Debt levels

No new borrowings were taken up during the year. Borrowings totalled \$6.6 million as at 30 June 2017, \$1.6 million less than last year.

Council borrowings as at 30 June 2017 included \$4.5 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 0.61% of Council's total expenditure, slightly less than the previous year.

Cash

Cash holdings totalled \$30.7 million as at 30 June 2017; this was \$4.6 million more than last year.

The future

Long-term financial sustainability is Council's key focus, 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 saw a 2.5% cap on increases to rates and charges for the 2016-17 year. The rate cap for the 2017-18 year was set at 2% and Council was able to address this in the 2017-18 Budget, with a Long-term Financial Plan that will continue to maintain its cash reserves at a prudent level.

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.

2016-17 Calendar of events

Council continued to proactively to attract a number of new events into the region in 2016-17 and support a vast array of existing events throughout the municipality.

Council, through its Economic Development Unit, continued to coordinate and support approximately 119 events and provided advice which led to 96 event permits.

Council's Regional and District Events Sponsorship (RADES) was again successful with 25 grants awarded along with additional sponsorship and support for attracting five new events to the region. Council also supported the second year of the Australian Adventure Festival.

Council supported 10 Australia Day events, assisted in the facilitation of Anzac Day events in Bairnsdale, Orbost and Lakes Entrance. Council supports these activities with funding, road closures along with assistance with the event permit process.

Council coordinated two successful events:

- Barry Sheene Tribute Ride in October 2016 where over 400 riders made their way from Bairnsdale to Phillip Island for the Motor Grand Prix
- The Paynesville Food Van Fiesta was held over Easter with over 2500 people attending and enjoying the foreshore activities including food vans, outdoor movie, bands and fireworks.

Event	Dates	Supported by council
July 2016		
Twin Rivers Bream Classic	16 - 17	-
August 2016		
Head of The Mitchell Rowing Regatta	27	-
September 2016		
*Australian Paper Tour of Gippsland	1	Sponsorship
Snowy River Sprint Buchan	24	RADES
Great East Rail Ride	30	RADES
October 2016		
Bairnsdale Cup	2	RADES
Barry Sheene Tribute Ride	19 & 20	Sponsorship
Australian Adventure Festival	22 – 23	Sponsorship
November 2016		
Melbourne Cup Day Bairnsdale Racing	1	RADES
Omeo High Country RV Muster	4	RADES
December 2016		
*Cinema Pop Up Lakes Entrance	7 – 11	Sponsorship
Lakes Entrance Fireworks	31	RADES
January 2017		
Metung Village Green Cinema Nights	2	RADES
2017 Mountain Cattlemen's Association of Victoria Buchan Get Together	13	RADES
Netball Victoria Beach Netball Competition	21 & 22	RADES
Australia Day wood chop competition and fireworks	26	RADES

Event	Dates	Supported by council
Australia Day events – Bairnsdale, Bruthen, Buchan, Lakes Entrance, Lindenow, Mallacoota, Metung, Omeo, Paynesville and Orbost	26	Sponsorship
Audax Alpine Classic 2017	28	RADES
February 2017		
*2017 Mountain Bike Australia National Series Cross Country Double Header in East Gippsland.	11 & 12	Sponsorship
*Tour of East Gippsland	18 - 19	Sponsorship
Mallacoota Bream Qualifier	18 -19	RADES
Loritz Circus	20 – 27	-
Paynesville Music Festival	24	RADES
March 2017		
*X-Marathon Adventure Race	10 -13	RADES
Groundswell Music Festival	11	RADES
Hooked on Lakes Entrance	11	Sponsorship
April 2017		
Omeo Rodeo	14	RADES
Paynesville Food Van Fiesta	15	Sponsorship
X-Marathon Adventure Race	14 to 16	RADES
Anzac Day dawn service Bairnsdale	25	Sponsorship
East Gippsland Field Days	28 to 29	RADES
May 2017		
East Gippsland Leafy Vegetable Demonstration Day	4	RADES
June 2017		
Feast on East @ Metung Food and Wine Festival	11	RADES

* Indicates a new event Council attracted to the region.

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

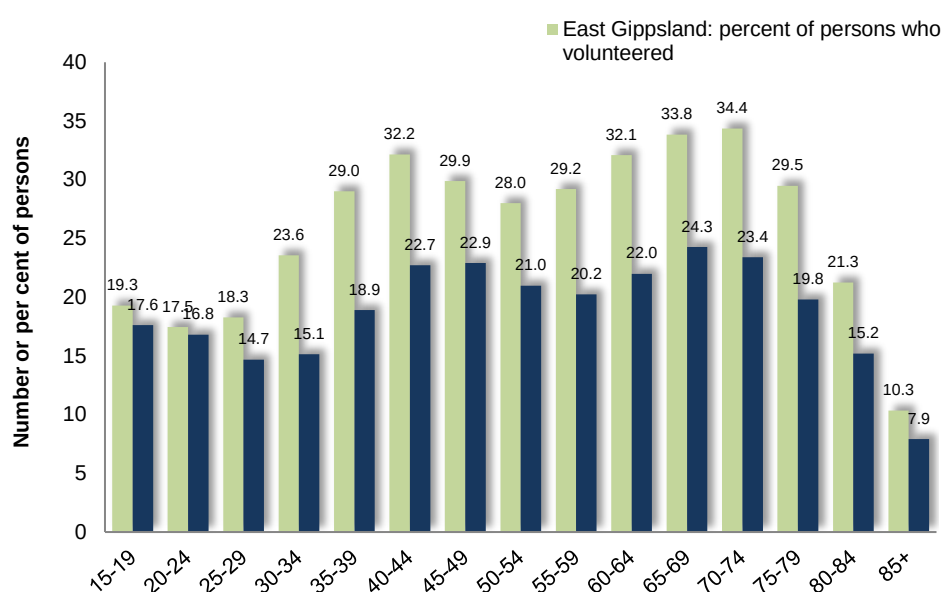
The population is concentrated around the Gippsland Lakes in the south-west with relatively sparsely settled areas elsewhere. Bairnsdale and surrounds is the region's major commercial and service centre with a population of over 16,447.

Many of the smaller rural communities have highly active volunteers who support the services and functions of their community and provide an avenue for strengthening social connections.

Quick facts:

- Population in 2016: 45,040. Forecast to increase to 51,435 in 2031: (*Source: ABS, 2016 Census QuickStats*)
- 2.9% Aboriginal population (*Source: ABS, 2016 Census QuickStats*)
- 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.
- Twenty-seven per cent of people in East Gippsland are volunteers (ABS, 2011) with the greatest number being within the 40-45 years' group and within the older members of the community. All age groups volunteered at higher percentages than the Victorian average.

Rates of volunteerism in East Gippsland



Our diversity

East Gippsland's agribusiness and food manufacturing through horticulture continue to be driving force behind East Gippsland's economy. East Gippsland now boasts seven of the top 10 green leaf salad producers in the country, with local produce being consumed at the domestic level and also seeing increased demand by the Asian market for export.

The region particularly benefited in the 2016-17 year from strong demand for beef from both the global and domestic market. Increased demand from both the USA and Canadian markets has seen prices in Australia and particularly in eastern Victoria at record highs. The injection of profits into the local economy have been significant.

The region's continued population growth has supported a growing construction sector with helped by regional housing affordability compared to metropolitan living. Potential mining ventures proposed for the region are anticipated to further diversify the region's economy.

The region's natural assets continue to be an attraction for many visitors year-round and the Gippsland Lakes district continues its appeal as an affordable retirement destination which has led to continued growth in the health care sectors. East Gippsland's ageing population provides business opportunities to support this growing trend and to provide lifestyle options for this demographic.

Tourism continues to play a strong role in the East Gippsland economy with 1,241,000 visitors coming to the region from March 2016 to March 2017. This is an increase of 10.4% on the previous year. East Gippsland Shire Council is seeking to further promote and enhance opportunities for visitors in the adventure tourism market.

Overall outlook for the region is strong.

Quick facts:

- \$2,034 million total estimated gross regional product for East Gippsland for 2016 up from the previous year's figure of \$1,915 million.
- 9,099 registered businesses as at February 2017, an increase of 12% since March 2016.

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 22 October 2016.

Cr Joe Rettino (Mayor)

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

Cr Rettino served as a member of the following Advisory Committees and Working Groups in 2016-17:

- Audit Committee (Mayor ex officio)
- Livestock Exchange Consultative Committee
- Economic Development Advisory Board

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

- Gippsland Local Government Network (Mayor ex officio)
- Municipal Association of Victoria - Representative
- Municipal Association of Victoria – Professional Development Reference Group

Cr Colin Toohey (Deputy Mayor)

Cr Toohey served as a member of the following Advisory Committees and Working Groups in 2016-17:

- Marina Consultative Committee

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

- East Gippsland Local Community Road Safety Committee
- South East Australian Transport Strategy Inc

Cr Richard Ellis

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

Cr Ellis served as a member of the following Advisory Committees and Working Groups in 2016-17:

- Disability Advisory Committee
- Marina Consultative Committee

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

- Australian Coastal Councils Association Inc.
- Gippsland Waste and Resource Recovery Group
- Municipal Association of Victoria - Representative
- Municipal Association of Victoria – Financial Assistance Grants and Rate Capping Taskforce
- Rail Freight Alliance

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 2016-17:

- Livestock Exchange Consultative Committee

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

- Rail Freight Alliance

Cr Marianne Pelz

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

Cr Pelz served as a member of the following Advisory Committees and Working Groups in 2016-17:

- Audit Committee (Mayor ex officio)

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

- Gippsland Local Government Network (Mayor ex officio)
- South East Australian Transport Strategy Inc
- Rail Freight Alliance
- Municipal Association of Victoria – Transport and Infrastructure Committee
- Rural Councils Victoria
- Timber Towns.

Cr Mark Reeves

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

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

- East Gippsland Local Aboriginal Justice Action Committee
- Gippsland Regional Aboriginal Justice Action Committee
- East Gippsland Local Road Safety Strategy Committee
- Municipal Association of Victoria – Multicultural Committee

Cr Natalie O'Connell

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

Cr O'Connell served as a member of the following Advisory Committees and Working Groups in 2016-17:

- Economic Development Advisory Board

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

- Rural Councils Victoria

Cr John White

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

Cr White served as a member of the following Advisory Committees and Working Groups in 2016-17:

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

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

- Municipal Association of Victoria – Emergency Management Committee

Cr Jackson Roberts

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

Cr Roberts was elected as a councillor for East Gippsland Shire Council after the Victorian Electoral Commission conducted a countback of votes on 14 February 2017.

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

- Municipal Association of Victoria – Arts and Culture Committee
- Municipal Association of Victoria – Environment Committee
- Municipal Association of Victoria – Multicultural Committee

Cr Linette Treasure

Cr Treasure was elected on 22 October 2016 and was disqualified on 14 January 2017 under the *Local Government Act 1989* regarding signing a Councillor Code of Conduct.

More information on the Councillor Code of Conduct is available on page 76.

The following former Councillors served until the Council Election in October 2016.**Cr Trudy Anderson**

Cr Anderson did not service as a member on any Advisory Committees or Working Groups in 2016-17.

Cr Michael Freshwater

Cr Freshwater served as a member of the following Advisory Committees and Working Groups in 2016-17:

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

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

- Rail Freight Alliance
- Municipal Association of Victoria – Emergency Management Committee
- Municipal Association of Victoria – Planning Committee
- Municipal Association of Victoria – Transport and Infrastructure Committee
- South East Australian Transport Strategy Inc
- Timber Towns Victoria

Cr Peter Neal

Cr Neal served as a member of the following Advisory Committees and Working Groups in 2016-17:

- Audit Committee

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

- East Gippsland Local Road Safety Strategy Committee
- Municipal Association of Victoria – Representative
- Municipal Association of Victoria – Financial Assistance Grants and Rate Capping Taskforce
- Municipal Association of Victoria – Professional Development Reference Group
- Rural Councils Victoria
- Timber Towns Victoria

Cr Jeff McNeill

Cr McNeill served as a member of the following Advisory Committees and Working Groups in 2016-17:

- Disability Advisory Committee

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

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

Cr Jane Rowe

Cr Rowe served as a member of the following Advisory Committees and Working Groups in 2016-17:

- Audit Committee

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

- Municipal Association of Victoria – Environment Committee

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 2016-17.

Awards and recognition

Council seeks to give appropriate recognition to outstanding achievements of individuals or organisations 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 23 January 2017. The recipients of the awards were:

Citizen of the Year Award: Richard Rijs

Young Citizen of the Year Award: Emi (Emiliqua) East

Community Event of the Year Award: Omeo Golf Club RV Muster

Citizenship

Three citizenship ceremonies were hosted by Council in 2016-17 including a major ceremony on Australia Day, with 70 residents becoming Australian Citizens.

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 2016-17:

Date	Civic Event
2016	
4 July	NAIDOC Week launch and flag raising ceremony
20 September	Official opening – Bairnsdale Aboriginal Arts (Graffiti Prevention) Project
19 December	Official opening – East Bairnsdale Infrastructure (Drainage) Project
2017	
23 January	Australia Day Awards ceremony
26 January	Australian Citizenship Ceremony
28 and 29 March	Governor of Victoria, the Honourable Linda Dessau AC visit

Acknowledgement of Victorian Government funding

Project	Amount
Aquatic Development - Bairnsdale Aquatic and Recreation Centre	3,000,000
Bairnsdale City Oval Irrigation Upgrade	100,000
Bairnsdale Sporting Facilities Plan	30,000
Beach Cleaning Subsidy Program	2,395
Bullock Island Master Plan Implementation	43,000
Bushfire Management Overlay Assistance - Planning Support for Verification	2,300
Bushfire Management Overlay Assistance - Professional Development	2,000
Critical Document Storage Supporting Place Based Bushfire Response and Recovery	15,000
Dairy Farmer Assistance Package - Local Coordination Funding	15,000
East Gippsland Art Gallery Regional Partnerships Funding 2016-17 – 2018-19	120,000
East Gippsland New Energy Technology Roadmap	187,000
East Gippsland Renewable Energy Feasibility with Innovative Options	80,000
Forge Theatre and Arts Hub 'Behind the Scenes and Stagecraft' Workshops	7,100
Forge Theatre and Arts Hub Regional Partnerships Funding 2016-17 – 2018-19	180,000
Grow Your Business - Stage 3	15,000
Home and Community Care - Minor Capital Funding	2,500
Immunisations - Australian Childhood Immunisation Register Encounters and School and Adult Immunisations	27,506
Immunisations - Meningococcal W	10,601
Improving Wayfinding and Walking in Paynesville and Raymond Island	45,000
Lakes Entrance Sea Wall Replacement	29,091
Lanewayz in Lakes	20,000
Local Government Listen, Learn and Lead Gender Equity Program	5,000
Metung Boardwalk - Stage 3	300,000
Municipal and Essential Services to Lake Tyers Aboriginal Trust	186,250
Pedestrian Access Improvements, Swan Reach	50,000
Premiers Reading Challenge 2015-19	36,832
Public Libraries Grants Program 2017-18	320,421
Public Libraries Grants Program 2017-18 - Local Priorities Funding	16,864
Safer at the Junction	225,000
School Crossing Subsidy 2016-17	61,056
Service Agreement - Rural Access Program 2016-2017 - Building Inclusive Communities	123,880
Service Agreement 2016-2017 - Aboriginal Best Start Program	113,875
Service Agreement 2016-2017 - Vulnerable Persons Project	42,823
Smart Takeaway Coffee Project	6,450
Static Water Supply Tanks	26,347
Story Time Sessions with Dorothy the Dinosaur	500
Victorian Seniors Festival 2016	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*.

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 shires 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 Mgt, 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, Dip Mgt

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 provision of administration services across a range of organisational areas including Finance, Information Services, Organisation Development and Administration.

Over the next 12 months the Directorate will continue its focus on the organisation's rolling program of information and communications technology transformation, including the implementation of new finance and payroll business systems from 1 July 2017.

Also scheduled for 2017-18 are comprehensive reviews of the procurement, property and governance services the Directorate provides to the organisation, to ensure these are delivered as efficiently and cost-effectively as possible.

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, as well as Statutory Planning (Land Use), Building Approval, Community Laws, Environmental Health, Economic Development and Tourism.

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 sectors both internationally (National Rivers Authority, England) and interstate. He has expertise in project management, business development, organisational change and delivery of major construction projects.

During the reporting period Chris undertook a major review of Council's Project Management structure and processes, resulting in a new Directorate structure that will drive improved delivery of Council's Capital Works program.

The key goal for the directorate in 2017-18 will be to embed the new Project Management Framework across the organisation, thereby ensuring the key recommendations of the Project Management Review are realised.

Organisation Chart



Chief Executive Officer

Gary Gaffney

Mayor and
Councillors Support
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



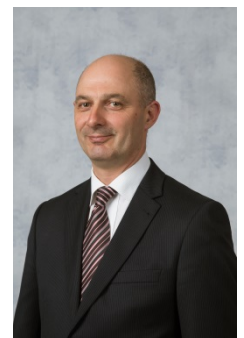
Director Development

Paul Holton

Recreation Facilities

Statutory Services

Economic
Development



Director Operations

Chris Waites

Waste

Works

Capital Projects

Senior Officers

As at 30 June 2017, 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 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 2016-17 are 317.16, including casuals.

Year	Total staff	FTE staff
2016-17	458	317.16
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

Total staff numbers by salary band and gender

Employment classification	Total FTE	Female FTE	Male FTE
Band 1	5.24	2.76	2.48
Band 2	7.98	4.5	3.48
Band 3	85.07	27.86	57.21
Band 4	64.57	48.01	16.56
Band 5	58.53	41.73	16.8
Band 6	42.53	23.7	18.83
Band 7	30.24	12.6	17.64
Band 8	6.5	3.5	3
Senior Executive Officer/Senior Officer	16.5	6	10.5
Total	317.16	170.66 (59%)	146.5 (41%)

Job level by gender

Job level	Total 2016-17	Female 2016-17	Male 2016-17
Director	4	2	2
Manager	9	4	5
Coordinator	26.5	12	14.5
All other staff	277.66	152.66	125
Total	317.16	170.66	146.5

Salary range of contract staff

Contract Staff (Directors)		
		Salary Range (total remuneration package)
	1	\$185,001 - \$195,000
	1	\$195,001 - \$200,000
	2	\$200,001 - \$213,000
Total	4	

Staff numbers by directorate

The full-time equivalent (FTE) staff numbers for each directorate as at 30 June 2017 are:

Employee type/gender (FTE)	Office of the CEO	Community & Strategic Development	Corporate	Development	Operations	Total
Full time – Female	3	25	27	23	11	89
Full time – Male	2	6	8	27	76	119
Part time – Female	0	24.35	6.08	21.73	4.61	56.77
Part time – Male	0	0.9	0.5	6.18	9.65	17.23
Casual – Female	1	7.12	1.1	13.9	2.03	25.15
Casual – Male	0	0.04	0.93	7.93	1.11	10.01
Total	6	63.41	43.61	99.74	104.4	317.16

Length of service profile

Period of service	Number of staff	Percentage of staff
Less than 1 year	84	18%
1 to 5 years	197	43%
6 to 10 years	111	24%
11 to 20 years	50	11%
21+ years	16	4%
Total	458	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.

Recognising staff

Council's staff reward and recognition program was reviewed and new categories and criteria were developed for 2016-17. The new program, known as the TOPP Awards, was developed to reflect our organisational behaviours of Teamwork, Organisational Awareness, Prioritisation and Problem Solving. Staff can be nominated for either a Peer or Management Award within the TOPP Awards and the criteria all require recipients have exemplified these organisational behaviours.

In 2016-17, 14 Peer Award nominations were made and 22 Management Award nominations were made, comprising individual and some team nominations. Of these, six Peer Awards were presented and nine Management Awards were presented at the annual Staff Achievement and Recognition event held in July.

A TOPP Award winner was also awarded. Each year as part of the TOPP Awards, all of the nominations for both the Peer and Management Awards will be reviewed together and out of that group of award winners a TOPP Award winner may be identified. Anyone who receives this award needs to have demonstrated all of the organisations TOPP Behaviours and do so on an ongoing basis.

As part of the TOPP Awards, 'Thumbs Up' cards have also been introduced. Thumbs Up cards are an informal way of acknowledging a colleague's work or to say thanks and can be handed out by anyone, to anyone, at any time. Approximately 700 cards have been handed out over the past 12 months.

Achievements

- Received a national Human Resources Award received for Innovation in Diversity and Inclusion practices
- Successfully transitioned to a new, integrated Payroll / Finance system.
- Conducted service reviews over three major service areas - Customer Service, Asset Management and Digital opportunities.

Looking forward

- Facilitate the improvements identified in the major service reviews undertaken in 2016-17
- Transition to a new electronic Recruitment, Onboarding and Learning and Development system
- Develop a suitable Cultural Awareness induction program, incorporating Council's commitment to reconciliation
- Transition to a new self-insurance scheme (MAV WorkCare)

Learning and Development

Staff attended a number of courses during 2016-17. The larger courses are detailed below:

Corporate training	
Course	Attendees
Impressive Leadership Development	17
Leadership Refresher workshop	78
Creating a Positive Culture	25
Equal Employment Opportunity Training	236
Fraud and Cyber Risk Awareness	214
Change Management Workshop	29
Mental Health @ Work – What leaders need to know	16
Occupational health and safety courses	
Manual Handling	107
Situational Awareness	28
Provide First Aid	54
CPR	137
Trailer Towing and Load Distribution	40
Asbestos Awareness Training	33
Operate a vehicle-mounted loading crane	16
Traffic Management and Control	11
AgVet Chemical Users Course	8
Construction Induction Course	13
Construction Contract Management Course	11
Chemical Awareness Training	13

Cost of learning and development activities

During the 2016-17 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, Refresher and Creating a Positive Workplace Culture workshops	\$58,524
Cultural Awareness (Cost carry over from 2015/16 and for future project)	\$17,504
Equal Employment Opportunity Training	\$26,648
Change Management	\$8,619
Mental Health @ Work – What leader need to know	\$3,533
Other Corporate Personal Development	\$11,603
Occupational Health and Safety Training	\$54,361
Business Unit Specific Training	\$100,882
Total	\$281,424

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 2016-17:

- 57 incidents were reported with only 12 of these incidents resulting in WorkCover claims.
- Of the WorkCover claims lodged, nine resulted in lost time. Six of these were above the employer excess (10 days lost).
- WorkCover claims as a percentage of staff was 2.6% compared to 2.7% in 2015-16 and 3% in 2014-15.

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: 100%
- Percentage of existing employees receiving refresher equal opportunity training at least every two years. Target: 100%. Result: 77.8%
- Number of contact officers per number of council employees. Target: 1:50. Result: 1:51

Our volunteers

Every week hundreds of people generously volunteer their time, knowledge and energy to help deliver 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.

Council is working with Volunteers Victoria to improve the coordination of volunteers through the East Gippsland Volunteer Managers' Network.

Community groups and committees

Council has 77 incorporated volunteer committees of management over recreation reserves, community halls sports centres, community centres and public recreation spaces 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, Tech Savvy Seniors, and 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, Country Fire Authority, and Melbourne Fire Brigade, related agencies and volunteers from a range of organisations (including State Emergency Service, Volunteer Coast Guard 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.

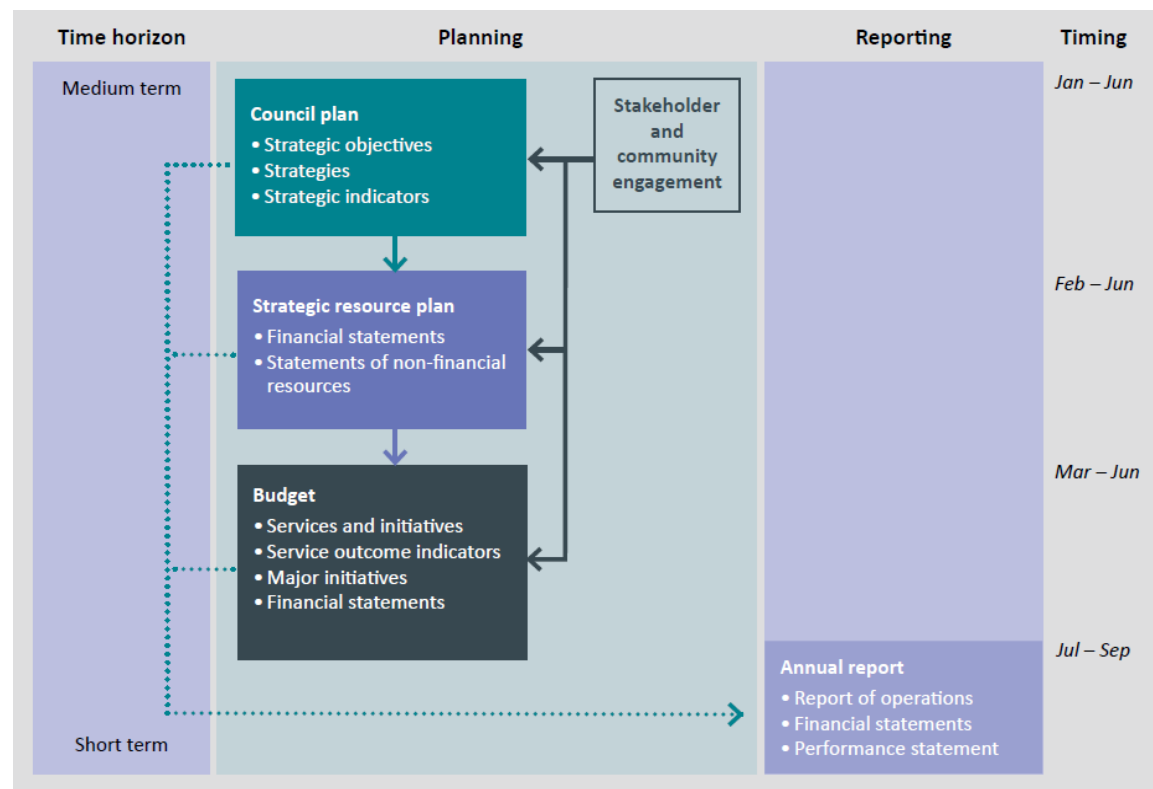
Section five: Our Performance (Council Plan)

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 council to prepare the following planning and reporting documents:

- A council plan within 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 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 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 2016-17 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 2016-17 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 2016-17 Budget.
- Services funded in the budget.
- Results against the prescribed service performance indicators and measures.

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

Disability Action Plan. Over the past twelve months the Disability Advisory Committee has contributed to the following initiatives/projects:

Training

Twelve committee members, including people with a range of disabilities, carers and disability service providers, completed four training modules, over a two-month period. Modules included: governance, understanding local government, develop a DAC terms of reference (TOR), strategic directions and implementation of the Diversity Access and Social Inclusion Plan (DASIP). Training aimed to support the committee to effectively represent the community, to give advice to Council on access and inclusion issues and to support the implementation of Council's DASIP.

In addition, training lead to the review and development of the committee's TOR which was adopted by Council on 4 April 2017.

One member of the DAC participated in the East Gippsland Enabling Women leadership program. The program provided the opportunity for women with disabilities to come together, share their experience of disability, find solutions together to the problems they experience and that they see in their communities. Enabling Women is a program developed by Women with Disabilities Victoria.

Inclusive employment project

Council's Organisational Development Unit is improving and promoting Council as an equal opportunity employer that embraces diversity. The unit is working with the DAC to develop strategies to support this objective.

Municipal Public Health and Wellbeing Plan

The DAC participated in two consultation sessions regarding the Municipal Public Health and Wellbeing Plan and nominated two representatives to continue its contribution to the plan's advisory partnership.

Supported and provided varying levels of access advice to Council on the following projects;

- **Bairnsdale CBD project.** Disability Advisory Committee engaged in consultation opportunities with the Public Transport Victoria on two separate projects regarding transport infrastructure and services in and around East Gippsland.
- **Lakes Entrance streetscape project.**

Library launches program to help literacy. The rate of adults who cannot read or write is higher than you might think, and our library service is working to address the problem. Council's libraries participated in '1000 Books Before School', a program designed to work with families to promote early literacy skills and combat adult illiteracy. The idea is to engage parents in reading 1000 books with their children from birth until they begin school.

Research shows that children who are read to every day from an early age have extended vocabularies, increased reading readiness and improved cognitive skills when they begin school. Through the 1000 Books Before School Program Council's libraries will support reader and literacy development by providing families with a framework and incentives to encourage a reading habit, and a love of stories in young children.

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	2016-17	
Increase in library activity from the previous year	257,641	346,766	344,325	362,537 ↑	Increase in library activity is due to the number of people accessing the library database online (17,033) being included in this data. In addition, the number of uses of e-material increased from 13,338 to 20,100. This was offset by a decrease in the number of people attending the libraries (324,565 in 2015-16 to 318,053 in 2016-17).
Increase in the number of people participating in arts programs and activities	9,914	11,392	10,929	15,561 ↑	Audience numbers in 2016-17 were raised by great attendances at Bairnsdale Production Line Theatre Company's production of 'Beauty and the Beast', with 3,037 attendees. Several commercial productions also had good attendance numbers, as did the local dance school productions. The Forge Presents program, Daytime series shows and Spokes tours all attracted audiences and had great feedback. School shows were sold out in most instances.

The following statement reviews the progress of Council for major initiatives identified in the 2016-17 budget.

Major Initiatives	Progress
Partner with relevant stakeholders to support the outcomes in the Reconciliation Action Plan.	The Reconciliation Action Plan paves a pathway of actions to improve our relationship with Aboriginal community members and embed change. A range of actions from the plan have been implemented and annual reporting to Reconciliation Australia submitted in September 2016. Some highlights include: • Cultural awareness training for all levels of Council staff from Councillors through to officer level. • Increased regular meetings with key Aboriginal contacts to improve two-way communication. • Identified traineeships. • Establishment of the Aboriginal Best Start Partnership. • Increased implementation of engagement strategies in programs to increase cross-cultural accessibility. • Research and consultation with the Aboriginal community to understand preferred engagement protocols.

Major Initiatives	Progress
	Presentation at a Local Aboriginal Network forum about partnerships with Local Government.

The following statement provides information about the services funded in the 2016-17 budget.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
Arts and Culture	This service provides a varied 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.	323 358 35
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.	517 640 123
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.	1,030 1,054 24
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.	481 494 13

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

Results				
Service/Indicator/measure	2014-15	2015-16	2016-17	Comments
Libraries				
Utilisation				
Library collection usage [Number of library collection item loans / Number of library collection items]	3.09	3.26	3.28↑	The library collection usage has remained constant with a slight increase in stock turnover this financial year. This is against state-wide trends but due to the increase in the standard of the collection. The number of items in the collection has decreased enabling the standard to improve. Council has six library branches and three mobile libraries to ensure it provides library access across the large shire base.

Results				
Service/Indicator/measure	2014-15	2015-16	2016-17	Comments
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%	55.77% ↑	A focus on deleting older stock from the collection this financial year has helped improve the collection's standard. Bairnsdale Library houses East Gippsland's 'Local Collection', which is retained for research and historical purposes. This collection will always have a negative effect on these results.
Service cost <i>Cost of library service</i> [Direct cost of the library service / Number of visits]	\$3.23	\$3.70	\$3.84 ↑	Visits to our libraries have increased along with the costs of providing a service that supports the community's changing needs and expectations. Libraries are evolving and people are using libraries for a varied range of activities including programs, training and workshops.

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. The Emergency Management team has been successful in applying for several grants, to aid communities to be prepared for an emergency and to build on resilience capabilities. In 2016 a grant was received to aid in recovery following recent events with dairy farmers. Another grant is currently under process to assist the Local Incident Management Plan process to be distributed electronically on USB.

Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
Number of scheduled Local Incident Management Plans adopted by Council	15	17	22	6	Six new plans were completed in 2016-17 for Bonang, Tubbut, Goongerah, Glenaladale, Fernbank, Gipsy Point and Nowa Nowa. Communities continue to welcome help from Council to assist their efforts to develop, produce and deliver their own Local Incident Management Plans.
Percentage of Community Plan projects completed	61%	59%	n/a	n/a	We completed 303 actions in this year but they include new actions within communities that were carried out by Council and other agencies in response to emerging issues. These actions contribute to supporting those communities represented in the 11 community plans.

Major Initiatives	Progress
Implement priority actions in Community Plans.	Over the past year 303 actions were carried out to achieve some of the priorities in the 11 adopted Community Plans. This reflected \$8.72 million of Council investment. Ten community infrastructure projects were also completed, with work beginning on another 30. Work also started on a new way of updating Community Plans. This included: • re-naming the plans as Place Plans; • reviewing community plan borders to align to 12 'place' districts within East Gippsland. These are based on a sound method that considers social and community connections, geography and physical barriers; • applying for funding to review plans in Omeo, Twin Rivers, and Mountain Rivers; and develop new plans for Cann River and Mallacoota; • talks with affected communities and other agencies that plan for and provide services to encourage consistent use of the 12 place districts; and • starting to develop plans using these. Work with communities to implement priority actions also continued. This included work with: • the Twin Rivers communities to capture their achievements in a report card and celebrate these with the community in a special event; • Cann River to prepare them for the future development of a Place Plan; • the Glenaladale community to develop a vision and action plan that can become part of the reviewed Lindenow Place Plan; • Metung-Nungerner to develop a trails priority plan; and • regular community e-newsletters sent to Paynesville; Metung; Bairnsdale; Lakes Entrance; Bemm River; Orbost/Marlo; and Lindenow districts.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
Community Planning	The Community Planning function supports, encourages and works with residents 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.	182 <u>163</u> (19)

Business area	Description of services provided	Net Cost
		Actual Budget Variance \$'000
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.	667 <u>652</u> (15)
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.	466 <u>461</u> (5)
Emergency Management	Council works collaboratively with 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.	1,117 <u>1,125</u> 8

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

We're looking into the future of Bairnsdale's sporting facilities. Looking at our future sporting needs and planning for their implementation means we may be providing the launching pad for one of the next generation's sporting stars or top sporting officials.

Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
Increased attendance at Council-operated recreation facilities (Source: Council Recreation Centre Data)	343,801	357,425	283,550	361,812 ↑	Council introduced automated people counting technology at both of its indoor recreation centres from 1 January 2017. This has seen an increase in the overall attendance and removed some of the manual counting processes which were used in previous years.
Rated community satisfaction with the performance of Council-operated recreational facilities (Source: Local Government Community Satisfaction Survey)	69	n/a ¹	n/a ²	n/a ³	No new data is available for 2016-17.
Increasing immunisation coverage rates	93%	91%	94%	94% ↑	The Federal Government has set a benchmark early in 2017 to 95%

¹ Rated satisfaction with Council's recreation facilities was not measured using the same methodology in 2016-17. An internal Customer Satisfaction Survey was completed in October 2014.

² No new data is available for 2015-16.

³ No new data is available for 2016-17.

Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
(Source: Australian Childhood Register)					coverage rate. This coverage rate represents an average across the 2016-17 financial year, which is a great effort across the East Gippsland community. This rate encompasses the early childhood immunisation program.
Increasing community perception of feeling safe in the community: day	n/a	n/a	n/a	93.3% ⁴ ↓	The East Gippsland LGA Profile for the VicHealth Indicators Survey 2015, reports that 'residents of East Gippsland were significantly less likely to feel safe while walking alone in their local area during the day or night in 2015 compared to 2007 results (2007 during the day = 98.6%, 2007 at night = 73.6%). There were no significant differences over time when comparing 2011 to 2015 results. Perceptions of safety though decreased are still higher than the Victorian average of 92.5% during the day and 55.1% at night.' Further information can be found on VicHealth's website www.vichealth.vic.gov.au
Increasing community perception of feeling safe in the community: night	n/a	n/a	n/a	60.0% ↓	

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.	114 240 126
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 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.	505 708 203

⁴ The data comes from the VicHealth Indicators Survey 2015. The survey is undertaken every 4 years.

Business area	Description of services provided	Net Cost
		Actual Budget Variance \$'000
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 gymnasium, aqua aerobics and group fitness classes, stadium and childcare facilities.	2,569 <u>2,369</u> (200)
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.	1,971 <u>1,587</u> (384)

Service Performance Outcome Indicator	2014-15 result	2015-16 result	2016-17 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	2.36	More requests were processed during this period, which has resulted in an increase in the time taken to action the requests. Council received 6235 animal requests in 2016-17, compared with 5084 requests in the previous year.
Service standard				
<i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	37.55%	40.30%	58.10%	Council have now gone to Lifetime Registration Tags. This assists with returning animals to their owners as a new tag does not have to be placed on the animal's collar annually. This year 525 animals were collected and impounded.
Service cost				
<i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$24.10	\$18.13	\$28.04	Council introduced a special registration fee for customers who both microchipped and sterilised their animal, an increase in those customers applying for this category has impacted on cost recovery leading to higher operating costs.
Health and safety				
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	1	Council undertook one animal management prosecution in this period, which was successful.
Aquatic Facilities				
Satisfaction				
<i>User satisfaction with aquatic facilities</i>	n/a	n/a		

Service Performance Outcome Indicator	2014-15 result	2015-16 result	2016-17 result	Comments
[User satisfaction with how council has performed on provision of aquatic facilities]			n/a	This is an optional measure. Council does not currently measure this.
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	0	No inspections were carried out by an authorised officer under the <i>Public Health and Wellbeing Act 2008</i> as no customers lodged public health issues with Council. Council has a process where each pool facility (when open to the public) is tested by qualified and trained recreational facility staff five times a day. All Council pools also underwent microbiological water testing by an independent laboratory. All test results came back negative.
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0	2	2	Two WorkSafe notifiable incidents occurred at the Bairnsdale Aquatic and Recreation Centre during 2016-17. Both incidents involved members of the public. No other notifiable incidents were reported at the other facilities.
Service cost <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	\$6.43	Cost of the indoor facilities saw a significant increase on the previous year due to many factors, primarily the indoor facilities performing worse than budget expectations. This was a result of significantly less income being generated across many areas of the facilities as well as several unbudgeted maintenance tasks needing to be undertaken due to the age of the facilities. This saw the net cost to Council increase compared to 2015-16. Attendance at the indoor facilities showed an overall increase of 63,660 visits (approx. 22.5%) compared to 2015-16, this was the result of the installation of electronic people counting technology at the two facilities. This technology became operational on 1 January 2017 and has removed several manual processes which were relied upon to calculate the data in previous years.
<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	\$23.57	The season length at one of Council's outdoor pools was extended by five weeks due to community requests. Colder weather during the extended season resulted in visitation being lower than anticipated.
Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	7.92	6.45	8.12	Council introduced automated people counting technology at its indoor recreation centres from 1 January

Service Performance Outcome Indicator	2014-15 result	2015-16 result	2016-17 result	Comments
				2017. This has seen an increase in the overall attendance and removed some of the manual counting processes which were used in previous years.
Food Safety				
Timeliness				
<i>Time is taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	n/a	1.15	1.45	In previous years if food complaints were actioned on the same day we were entering it as 0.5 days. Now as per Local Government Guidelines we are entering it as 1 day and also counting weekend days. This has made a difference to the total number of days between receipt and first response for food complaints.
Service standard	100.28%	92.08%	102.62%	
<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				Class 1 and 2 food premises in the shire are assessed at least once each calendar year. A premises which transfers will receive another Food Safety Assessment.
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	\$860.45	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 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%	100%	Council follows up all non-compliances within the appropriate time frames.

Looking forward

- Implementation of the recommendations of the Creative Communities Advisory Board
- Review of the Reconciliation Action Plan
- Review of the Diversity, Access and Social Inclusion Plan
- Age-friendly initiatives
- Continuation of key projects and programs
 - o Aboriginal Best Start
 - o Youth Ambassadors

- o Exit planning for Rural Access
- o Community capacity building through programs such as grants and grant workshops
- o Celebrations of major key dates and milestones - NAIDOC, Reconciliation Week, Seniors Festival, Children's Week, Social Inclusion Week

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

Council's Bright Futures project recognised. East Gippsland Shire Council's 'Bright Futures' project was recently recognised at two major awards ceremonies. The project received a Special Commendation at a recent United Nations Association of Australia (UNAA) event. Council was recognised in the 'Infrastructure Innovation for a Strong Climate Future' category of the UNAA's World Environment Day Climate Action Awards on June 7. In honour of World Environment Day, the UNAA presents the World Environment Day Awards to organisations and individuals leading the way in environmental innovation Australia-wide. This year, the awards highlighted the work being done to help Australia adapt to climate change.

This was backed up at the Aquatics and Recreation Victoria Awards where the project won the Sustainability Award for the initiatives at the Bairnsdale Aquatic and Recreation Centre (BARC). The awards recognise what has been an enormously successful project for Council.

'Bright Futures' was an innovative energy efficiency program that saw \$804,103 wiped from Council's energy bills and, through changes to street lighting and major changes to Council's indoor recreation centres, significantly reduced carbon dioxide emissions. The Lakes Entrance Aquadome, BARC and residential street lighting were chosen as they were Council's three-highest energy users.

As well as increasing the energy efficiency of some infrastructure, 'Bright Futures' also engaged with residents to promote sustainability and educate residents on how they can reduce energy use in their homes. The project illustrated how a few simple and innovative measures can not only lead to significant energy and cost savings, but can capture the attention and increase the capacity of the local community to do the same.

Council is committed to environmental sustainability and is working to undertake a range of projects that reduce energy consumption and move consumption to renewable power sources. The project has been successful on many levels and is just one of the many initiatives Council will undertake to ensure our future is environmentally sustainable.

A coffee cup program promoting the use of reusable cups is raising awareness of the collective impact of our waste. Council received \$7095 from Sustainability Victoria's Litter Innovation Fund to run a Smart Takeaway Coffee project. The project aims to reduce the number of disposable hot drink cups used at participating businesses by changing customer behaviour.

Disposable hot drink cups have been identified as the second-highest contributor to litter waste in Australia. While the cups appear to be made from only paper, most contain a layer of plastic on the inside to make them waterproof. This prevents them from being recycled or breaking down easily. A lot of people put takeaway coffee cups in the recycling, but only the lid is recyclable.

Participating cafés received several high-quality glass Keep Cups to distribute to their regular customers, as well as rewards cards which will be stamped every time the reusable cup is presented. The project began in March 2017 and will run for six months.

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	2016-17	
Reduce emissions from Council's energy use from 2011-12 levels (CO ²)	6,834	8,847	7,356	7,181↓	'Bright Futures', an innovative energy efficiency program has seen \$804,103 wiped from Council's energy bills and, through changes to street lighting and major changes to Council's indoor recreation centres, significantly reduced carbon dioxide emissions. The Lakes Entrance Aquadome, BARC and residential street lighting were chosen as they were Council's three-highest energy users.
Reduce Council's energy use from 2011-12 levels (GJ)	30,819	33,583	26,268	25,766↓	

Major Initiatives	Progress
Implement the Waste Facilities and Disposal Strategy	The waste facilities and disposal strategy is 63% complete with 50 projects and actions completed out of 78 detailed in the strategy. Works completed in 2016-17 include: • Introduction of more recycling bins at three waste facilities • Upgrade of existing waste trailers to recycling and waste trailers • Review of operating hours and implemented amendments to services at 10 locations. Works that have started include: • Bosworth Road landfill capping • Design for Lakes Entrance landfill capping • Design for Lakes Entrance Transfer Station • Design for upgrades to Bemm River and Bruthen Transfer Stations • Staffing of unsupervised waste facilities.

The following statement provides information about the services funded in the 2016-17 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.	275 <u>259</u> (16)

Business area	Description of services provided	Net Cost
		Actual Budget Variance \$'000
	It also implements community awareness and behavioural change programs to encourage and support reduced use of energy and resources.	
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.	7,308 7,509 201

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

Service Performance Outcome Indicator	2014-15 result	2015-16 result	2016-17 result	
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	13.27	The increase reflects new housing development and reflects satisfaction and generally good service via bin collections. This number includes new service requests, missed bins and repair of damaged bins.
Service standard				
<i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	0.59	1.78	2.35	The increase in this figure on last year indicates we had more missed bins that were placed on the kerbside the night prior to the collection. This occurs for various reasons that may include new drivers/routes or interrupted collection runs.
Service cost				
<i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$59.79	\$53.56	\$79.13	This increase reflects the whole of service contract cost, which is why there is a significant increase on last year where it was calculated only on the waste bins costs.
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$34.67	\$38.48	\$39.76	Our recycling service are provided via contract and based on a lumpsum price with relevant annual CPI movements. This increase reflects the material CPI increase in the contract sum for the collection of recycle bins.
Waste Diversion				
<i>Kerbside collection waste diverted from landfill</i>	54.73%	54.08%	53.01%	The volume of organic waste that is diverted from landfill varies with the change of season

Service Performance Outcome Indicator	2014-15 result	2015-16 result	2016-17 result
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100			and amount of rain within the season. This in turn impacts on amount and weight of green waste which is why this figure shows a negative movement this financial year.

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

We're improving streetscapes in central business areas. There are six main projects underway to improve the appearance of the central business areas of Lakes Entrance, Bairnsdale, Orbost, Paynesville, Metung and Cann River:

Cann River

Council and VicRoads have developed designs to upgrade central Cann River for improved traffic management and to create a genuine 'activity centre'. VicRoads has also proposed a roundabout to manage heavy vehicle traffic at the Monaro Highway/Princes Highway intersection and United Petroleum's construction of a truck stop. The upgrade's objectives are to improve safety, enhance pedestrian amenity and provide more parking, especially for recreational vehicles. This will enable Cann River to be a vibrant gateway to Gippsland. VicRoads has finalised its design for planned intersection upgrade. It is anticipated construction works will occur in 2017-18.

Orbost

Major upgrades and streetscape improvements are taking place in Orbost's main street to address multiple trip hazards, uneven paving, trees that have reached the end of their healthy life, and poor drainage. The project started in 2016 with the intent of carrying out upgrade works in stages over the next two to three years. Stage One on the western side of Nicholson Street has begun and is on schedule and budget. Stage Two will be tendered and delivered in 2017-18.

Bairnsdale

As part of the suite of documents developed to guide Bairnsdale's growth, a masterplan was developed for the central business district (CBD) titled *Re-imagining Bairnsdale*. This document guided the redevelopment of the Nicholson Street Mall, the closure of Main Street median cut-through, development of a CBD parking strategy and set themes for future development and landscaping. The approach taken to the exterior of the Bairnsdale Library redevelopment has adopted these themes. The focus of Re-imagining Bairnsdale in 2016-17 was the upgrade of Service Street between Nicholson and Francis streets and the upgrade of Nicholson Street between the mall and Service Street. The works have begun on the Service Street intersection and will be complete prior to Christmas 2017. Design work is underway on the upgrade of Nicholson Street between the mall and Service Street.

A vibrant piece of public art at a high-profile site in Nicholson Street was officially opened on 20 September 2016. The mural represents a journey from the mountains to the sea, which was taken by the traditional owners, the Gunai Kurnai people, as well as characters in the mural – the Bogong moth and the dog (dingo). The artwork was also featured on an eye-catching decoration unveiled on the 2016 Christmas tree at Government House. East Gippsland's decoration was singled out for special mention by the Governor of Victoria.

Lakes Entrance

Funds have been placed in future years' budgets to upgrade the Lakes Entrance CBD, recognising the significance of this area as a focal point for servicing the region's significant tourism industry. Council has worked with the community, agencies and stakeholders to complete a CBD Improvement and Streetscaping Masterplan. In the past year, designs for major streetscape works worth over \$5 million were completed. The works will be delivered by VicRoads over the coming three years. Council secured funding to deliver an upgrade to a local laneway (Lanewayz in Lakes project) and to upgrade lighting and security around a major off-road car park (Safer at the Junction project) to complement this project. Concept designs were also prepared for streetscape and traffic calming works for Church Street, which will commence in 2017-18.

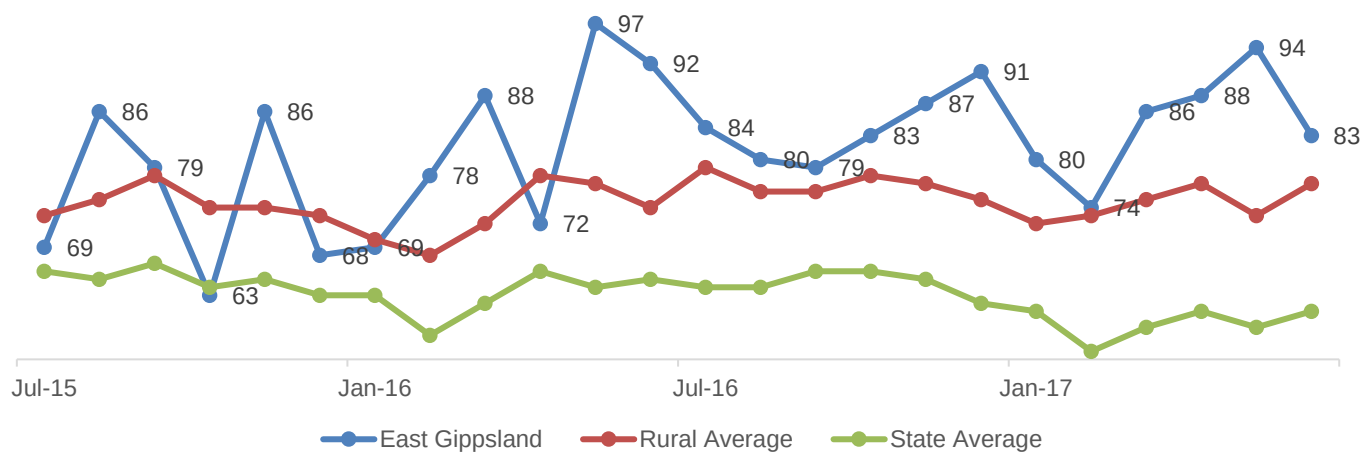
Paynesville

Concept designs were prepared and consulted on for the next stage of the Paynesville Streetscape upgrade (The Esplanade from Raymond Street to Langford Parade).

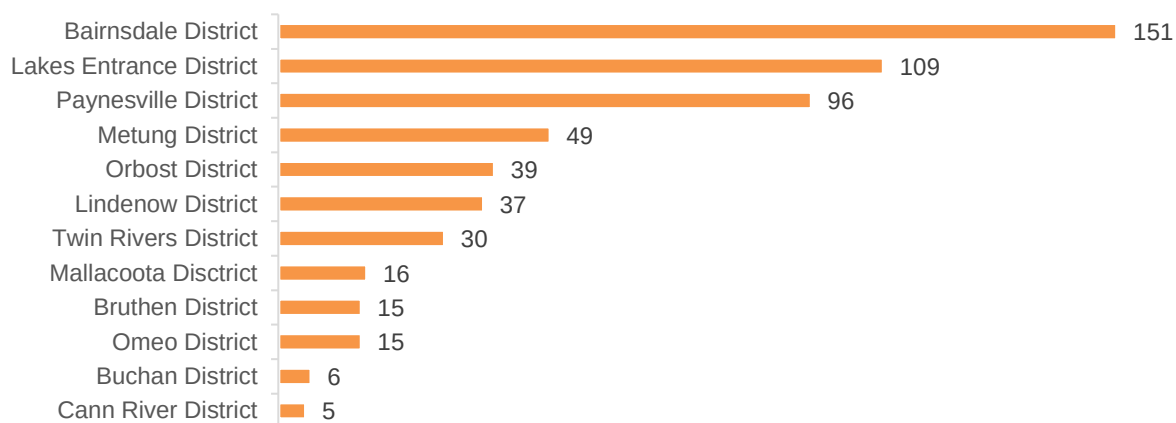
Metung

Work commenced on a masterplan and concept plans for the Metung Village Centre to guide future works.

The percentage of planning permits processed within 60 days has increased by 14% since 2015



Planning Permits Approved by District - 2016-17



Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
Paynesville, Eagle Point and East Bairnsdale Structure Plans completed and adopted by Council.	25%	60%	83%	93%	The East Bairnsdale Lucknow Structure Plan has been adopted by Council and planning scheme amendment C135 has been approved. The Paynesville Town Centre Structure Plan has been adopted and the planning scheme amendment is being prepared. Eagle Point has been out for community consultation and a draft will be completed before the end of 2017.

The following statement provides information about the services funded in the 2016-17 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
Strategic Planning	This service aims to deliver vibrant, connected and productive places and infrastructure to current and future community needs. Strategic Planning advocates for and implements land use policies, plans and standards that guide land use development and promote sustainable design, development and heritage conservation. This is supported through continual reviews and improvements to the East Gippsland Planning Scheme.	1,647 <u>1,463</u> (184)
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.	500 <u>849</u> 349
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.	101 <u>135</u> 34

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

Service Performance Outcome Indicator	2014-15 result	2015-16 result	2016-17 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]	66 ⁵	63 ⁶	49	A reduction in timeframes has been achieved through new processes and proactive file management; last year's reporting saw 63 days taken to decide planning applications, this year's reporting has seen the median days reduced to 49.
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%	79%	85.44%	From 1 July 2016, this includes VicSmart planning applications which should be assessed within 10 days. This may result in some variances year on year.
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	\$1,971.56	Changes to statutory fees should assist in reducing increasing costs. Council processed 577 applications within the reporting period.
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%	50%	Council planning officers have been mindful to ensure decision-making is consistent with appropriate planning outcomes. More Council decisions were upheld at VCAT than in the previous reporting period.

Goal 2.3: Our infrastructure meets current and future community needs

New infrastructure is being delivered and maintained. In 2016-17 Council replaced 15 bridges and were responsible for maintaining 209 road bridges and 24 pedestrian bridges throughout the shire. Works to replace Flaggy Creek Road Bridge, outside Bairnsdale, were completed by the job's contractor in just three weeks, well under the scheduled 10 weeks. Council's contractor, Tambo Constructions, replaced the timber bridge with a steel and reinforced concrete structure. Works also included asphaltting the approaches to the bridge and installing safety barriers. The project cost \$270,000.

⁵ The previously reported figure was adjusted after the report was adopted. This has been updated to reflect what is reported on Know Your Council.

⁶ The previously reported figure was adjusted after the report was adopted. This has been updated to reflect what is reported on Know Your Council.

- Council has received 1178 building permits for projects.
- Officers have made 129 decisions for development, carried out 140 individual essential safety measures inspections and 195 individual pool barrier inspections.

Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
Achieve core compliance with the National Asset Management Assessment Framework.	95%	45% ⁷	99%	100%	Council has received NAMAFA Core Compliance against the National competency compliance score card.

Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
Percentage of Capital Works Program completed by the end of the financial year.	57%	98%	89%	84% ↓	Some projects were delayed due to factors such as design and approval issues and extended public consultation in some instances. Those projects affected will be completed during the 2017-18 financial year.

Major Initiatives	Progress
Develop an asset management process to ensure core compliance with the National Asset Management Framework	Work is continuing as part of the Asset Management Service Review to further define the role of Asset Management within the organisation. The Review has identified that the role of the Asset Management service within the organisation needs to: • provide the organisation with strategic asset information to inform planning and delivery of services and projects; • inform and develop maintenance schedules and inspection regimes to meet statutory requirements including reporting; • develop budget requirements for all asset classes (new, upgrade, renewal, maintenance and operating) for use by service managers and to inform the organisation's Long-term Financial Plan; • hold and manage all asset data to enable service managers to make informed decisions, including: - o financial modelling and long-term financial impacts - o asset condition forecasts, asset capacity forecast, asset function (fit for purpose) forecast and funding and resource results. • work in collaboration with service managers to develop and maintain Asset Management Plans; and • manage and maintain data in the Asset Management System to ensure integrity.

⁷ 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.

Major Initiatives	Progress
	Several actions have been identified to enable the provision of the Asset Management Service described above and work will be undertaken to implement these actions in 2018, including: • formation of the Strategic Asset Planning Group. • develop organisational integrated frameworks to align Service Planning and Asset Management, in conjunction with Place Planning, Capital Works, Finance, Corporate Planning. • Asset Management Culture training for Executive Group and key organisational representatives. • Scope requirements for a new or upgraded Asset Management System.
Pilot a project in Lakes Entrance to support long-term community adaptation to the impact of climate change.	After an extensive process of project refinement, consultants have been formally appointed to work with council and the community in Lakes Entrance to deliver the Lakes Entrance Growth and Adaptation Strategy. This project will start in the new financial year.

The following statement provides information about the services funded in the 2016-17 budget and the persons or sections of the community who are provided the service.

		Net Cost Actual Budget Variance \$'000
Business area	Description of services provided	
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.	271 394 123
Asset Maintenance	This service provides ongoing maintenance of the Council's assets, including 2,900 km of roads, 209 bridges and 23 pedestrian bridges; over 300 km of drains and 186 km of footpath, and 517 km of kerb and channel; numerous playgrounds, parks and gardens, and recreation reserves; 3 aerodromes; over 4,000 street lights; 41 public jetties, 19 fishing platforms and 31 boat ramps; and the Raymond Island Ferry.	22,488 12,717 (9,771)
Project Management	This service undertakes project planning, design and delivery of various works within Council's Capital Works Program.	700 640 (60)
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 works crews.	2,594 3,389 795
Emergency Response	Council has a 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. Council carries that burden while waiting for reimbursement, which can impact upon current plans for infrastructure planning and maintenance.	0 (0) 0

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

Service Performance Outcome Indicator	2014-15 result	2015-16 result	2016-17 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	19.45	Improvements in maintenance processes, communication with residents and advanced notification of impending works are all factors deemed to have contributed to the reduction of sealed local road requests.
Condition <i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed local roads below the intervention renewal level set by Council / Kilometres of sealed local roads] x100	93.80%	94.01%	94.83%	Council has intensified its frequency of auditing of the standard and quality of works of its road maintenance contractor. Because of this there has been an overall improvement in the standard of the municipal road network.
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	\$29.78	Council recently established a contract with several larger road sealing companies for road reconstruction works. The prices obtained in the contract are based on a sliding scale i.e. the larger the works the cheaper the price. Council has predominantly undertaken large scale works in recent times and so has been charged the cheaper rate.
<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	\$8.50	Council has started using a larger size stone in its resealing operations to improve durability and longevity. Using a larger size stone requires more bitumen to provide adequate cover around the stone, which has increased the cost for this type of sealing.
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	46	No material variation.

A range of open space infrastructure projects were designed and delivered in 2016-17 including:

1. Orbest Skate Park redesign commenced for delivery in 2017-18.
2. Design and signs of Buchan Trail.
3. Nowa Nowa Recreation Reserve upgrade planning commenced to refurbish toilet and hall.
4. Apex Park playground (Lakes Entrance) refurbished.
5. Livingstone Park master planning undertaken.
6. Design complete and funding secured for Stage One of Mallacoota Pavilion.
7. Review of the need and use of formal sporting spaces in Orbest began.
8. Bairnsdale Sporting Facilities Plan commenced.

9. Sporting facility improvements undertaken at Lindenow Recreation Reserve with a focus on construction of second netball court; upgrade of pavilion kitchen and cricket storage sheds replacement.
10. Planning for improvements to Davison Oval (Bairnsdale) and Forest Park precinct (Orbost) commenced.
11. Lakes Entrance Recreation Reserve pavilion upgrade designed and external funding sought.
12. Female-friendly change rooms at Swan Reach Recreation Reserve designed and external funding sought.
13. Bairnsdale City Oval irrigation system improvements designed and external funds secured.
14. Footpath upgrades in Swan Reach; Cann River and Lakes Entrance to encourage walking and design of new footpath connections for Eastern Beach Road (Lakes Entrance) designed for delivery in 2017-18.
15. New shade installed over Mallacoota playground.
16. Building specifications commenced for new pavilion at Mallacoota Recreation Reserve.

Ongoing support and operational funding is also provided for the 79 recreation reserves and halls managed by committees of management on Council's behalf.

Goal 2.4: Our natural assets are maintained and enhanced

A range of projects and programs continue to implement the Environmental Sustainability Strategy. In the second half of the year highlights include:

- Securing \$180,000 in Victorian Government funding to investigate renewable energy. Bright Futures Renewable Energy Project will be completed in two stages. Stage One has commenced with a renewable energy network grid assessment and community engagement to determine community appetite for various new technology options, scale and possible locations. Stage Two, to be delivered in 2017-18, will investigate the appropriate new energy options for East Gippsland and prioritise them.
- Continued promotion and support of ResourceSmart program in schools, funding has been secured to continue the program into 2019.
- Quarterly Environment Connect newsletter that highlights projects, programs and opportunities has been prepared and promoted across the region.
- Continued promotion and support of the environment and sustainability stream of Council's Community Small Grants.
- Participation in the Municipal Association of Victoria procurement process for the supply of electricity for small tariff sites enabling us to take advantage of the best electricity prices available for councils (involves 153 sites). Committees of Management of Council facilities have been approached to participate to help clubs reduce electricity costs.
- The Bright Futures energy efficiency project received a Special Commendation in the 'Infrastructure Innovation for a Strong Climate Future' category of the United Nations Association of Australia (UNAA) World Environment Day Climate Action Awards. The project's outcomes has been recognised as an example of the great work that local government can do to make a difference. The project was also recognised at the Aquatics and Recreation Victoria Awards, winning the Sustainability Award for the initiatives at the Bairnsdale Aquatic and Recreation Centre.
- Council officers partnered with other natural resource management organisations for a World Environment Day display in Bairnsdale.

Data is also being gathered for the 2016-17 Environmental Sustainability Strategy Annual Report. A number of data management tools are used, requiring cross referencing to ensure data accuracy.

Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
Percentage of 206 km of Target Area Roadside Weed Control treated.	271% (560 km)	197% (406km)	175% (360km)	475% ↑ (978km)	Over 970km of roads were searched and treated for weeds, including Regionally Prohibited and Regionally Controlled Weeds under the <i>CaLP Act 1994</i> . This is a considerably higher figure than other years due to a council contribution, officer field work and multiple contractors working at once.
Percentage of land managed in accordance with approved vegetation offset plans.	100%	n/a	n/a	n/a	Changes to the Native Vegetation Framework in 2014-15 resulted in changes to the Land Bank arrangements that 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.

		Net Cost Actual <u>Budget</u> Variance \$'000
Business area	Description of services provided	
Environ- mental Management	The Environmental Management function identifies and manages broad-based environmental issues on Council-owned or managed land including Council's Mosquito Management Program, pest plants and animals and urban waterways.	1,650 <u>1,262</u> (388)
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.	1,940 <u>4,093</u> 2,153

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

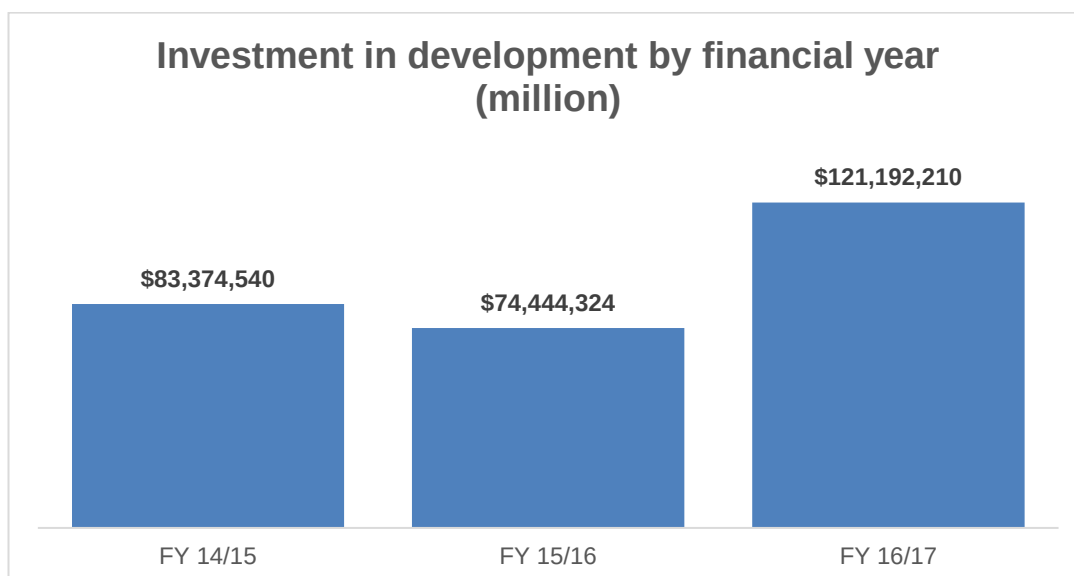
East Gippsland's agribusiness and food manufacturing through horticulture continue to be driving force behind East Gippsland's economy. East Gippsland now boasts seven of the top 10 green leaf salad producers in the country, with produce being consumed at the domestic level and increased demand by the Asian market for export.

The region has particularly benefited over the past year from strong demand for beef from both the global and domestic market. Increased demand from Canada and the United States has seen Australian prices, and particularly eastern Victoria, at record highs. The injection of profits into the local economy has been significant.

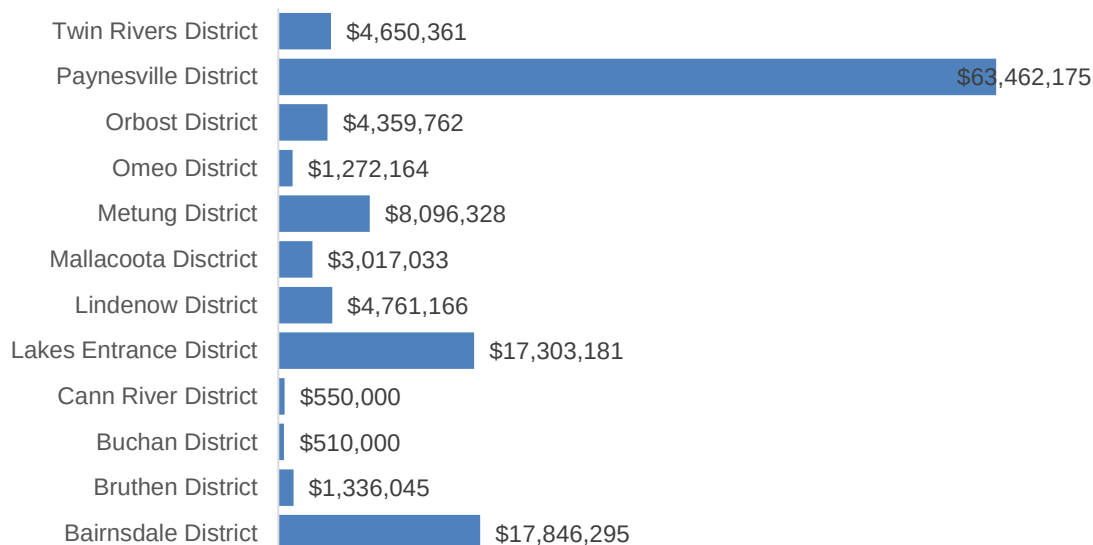
The region's continued population growth has supported a growing construction sector, helped by housing affordability. Potential mining ventures in the region are anticipated to further diversify the region's economy.

East Gippsland's natural assets continue to be an attraction for many visitor's year-round. The Gippsland Lakes district continues its appeal as an affordable retirement destination which has led to continued growth in the healthcare sectors. East Gippsland's ageing population provides the region with business opportunities to support this growing trend and seek to provide lifestyle options for this demographic.

Tourism continues to play a strong role in the East Gippsland economy with 1.241 million visitors from March 2016 to March 2017, an increase of 10.4% on the previous year. Council is seeking to further promote and enhance opportunities for visitors in the adventure tourism market.



Investment in development by district - 2016-17



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	2016-17	
Increase in the number of registered businesses in the region.	8,451	8,545	8,129	9,876 ↑	New business registrations increased by 21.49% in 2016-17.
Positive growth for Headline Gross Regional Product (GRP).	\$1.751b	\$1.818b	\$1.915b	\$2.034b ↑	Increased 17.9% since 2012.

The following statement provides information about the services funded in the 2016-17 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.	186 270 84
	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 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.	74 120 46

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

Businesses thrive from program successes. Participants in a business program came together in late 2016 to share their learnings and success stories. 'Grow Your Business' is designed to help small businesses become internationally competitive. It was run by Council in conjunction Regional Development Victoria. The productivity and efficiency gains by businesses after the program were combined savings of over \$750,000 and projected increased sales of more than \$2.5 million.

The three-month program included six group learning sessions, a further five onsite facilitations and personalised business visits. The program was funded by Council, Regional Development Victoria with contributions from the participating businesses.

Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
Regional unemployment rate compared to state unemployment rate.	6.2%	6.1%	6.9%	8.7% ⁸ ↑	The region's unemployment rate has increased to 8.7% at the end of the March 2017 quarter, which is 2.3% higher than the Victorian unemployment rate. This could be partly a result of 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 ⁹ .	22.3%	29.7%	24.4%	25%	Data sourced through GELLEN.

Major Initiatives	Progress
Work with the Orbost community to grow the local economy consistent with the Advancing Orbost 2020 Plan.	Activity focused on two high-priority actions from Orbost 2020: the central business area upgrades and improvements to the Visitor Centre and Forest Park precinct. Stage One of the streetscape works, the western side of Nicholson Street, began in May. The project and includes replacing footpaths and street trees, building retaining walls and installing new street furniture. Work has also been undertaken to develop a masterplan for the Forest Park area including the Visitor Centre and Exhibition Centre. A draft concept plan has been discussed with the project reference group which comprises representatives of affected local organisations. This project is slightly behind schedule due to delays in consulting with the reference group and the impact of the summer trading period on broader community consultation.

⁸ Department of Employment Small Area Labour Markets (SALM). (March Quarter 2017 was released in June 2017. June Quarter 2017 data will be available in September 2017.)

⁹ State of Victoria (Department of Education and Training). The On Track 2016 Survey. East Gippsland (S).

Major Initiatives	Progress
	In addition to these two projects, work has continued on the Orbost Age Friendly project, with the intent of bringing elements of this project into the broader shire-wide age-friendly project. Business development activity has also been undertaken to support the growth and resilience of the local economy. A Development Plan has been approved for the Orbost Gas Plant which will facilitate the expansion of the existing plant, and create 18 ongoing professional jobs. Work has also commenced on the reticulation of gas throughout the main business and residential areas of Orbost, by a third-party provider, which is the outcome of a Council-supported Victorian Government initiative.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
Economic Development	This unit assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector and provides opportunities for residents to improve their skill levels and access employment.	618 735 117

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

In partnership with the tourism industry, East Gippsland Marketing, and Business and Tourism East Gippsland an International Tourism Action Plan has been developed. Priorities included growing the Asian fishing market, participating in the Australian Tourism Exchange (ATE), hosting an internationally-focussed trade mission and business cultural awareness training.

The plan's actions are being implemented and Cultural Awareness was one of the main themes of the Tourism Conference held in Lakes Entrance in November 2016. East Gippsland Marketing attended ATE and facilitated a familiarisation day with nine international tourism brokers and travel writers.

Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
Increase in the percentage of survey respondents who are very or reasonably familiar with the East Gippsland region.	40%	n/a	n/a	n/a	No data is available, This survey has not taken place since 2014.
Increase in total visitors to the region.	1.114m	1.171m	1.124m	1.241m ¹⁰ ↑	10.4% increase on last year, with a 2.6% share of regional Victoria.
Increase in the number of events held in the region (with event permits).	79	70	83	96 ↑	Council, through its Economic Development Unit, continued to coordinate and support approximately 119 events

¹⁰ Sources: International Visitor Survey and National Visitor Survey, YE Mar 17, Tourism Research Australia

Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
					and provided advice which led to 96 event permits.

Major Initiatives	Progress
Develop policies, workshops and projects to support East Gippsland's transition to an age-friendly region for both businesses and our ageing.	We are one of seven local governments across Victoria to receive a \$100,000 grant to develop and implement an Age Friendly Plan. Work in the first half of the year focused on developing project management plans and reporting measures, and establishing a group of external residents and stakeholders to act as the project's reference group. The draft Age-friendly Communities Strategy 2030 will be provided for Council to discuss by September 2017 and four demonstration projects will provide the opportunity to examine the areas of interest in the Strategy. These will commence in Sept/October and be completed in May 2018.
Work with businesses to prepare them for the digital economy and increase their competitiveness and productivity through digital opportunities and the roll out of high speed broadband.	The Digital Plan's priority recommendations have been implemented. This included the development and delivery of a Train the Trainer program, and digital workshops for business. Nine participants completed the Train the Trainer program with a number going on to develop their businesses and provide digital training and services to the East Gippsland business community. Digital workshops were held in Bairnsdale, Mallacoota, Orbost, Omeo and Lakes Entrance with over 60 participants attending. Topics included Facebook for business, eCommerce, websites, social media and cloud technology. BookEasy training was delivered from the Visitor Information Centres and several digital topics were integrated into the Tourism Forum held in November. There are plans to develop and deliver programs in the food sector in partnership with the East Gippsland Food Cluster, in Lakes Entrance in partnership with LEADA and also with the Mallacoota business community.

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.	590	591
			1
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, and assists with the development of major events that stimulate economic benefits and cultural diversity and enhance the wellbeing of residents.	277	187
			(90)

In the first half of the 2016-17 financial year, the Lakes Entrance and Bairnsdale Visitor Information Centres:

- Have 25 volunteers who worked around 1,500 hours.
- Held two functions to reward and recognise our volunteers' contributions to tourism.
- Hosted two networking nights with local business operators.
- Made 853 bookings, valued at \$134,585.00.
- Have 142 businesses registered on their website.
- Hosted 53,000 visitors into their centres.
- Ran eight training sessions for businesses wanting to list their business on BookEasy.
- Sold 693 fishing licences at a value of \$29,605.

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

Trained pilots ready to save council money

A new Council initiative that will reduce costs and improve efficiencies has got off the ground – literally. Council is the first local government in Victoria, and one of the first in Australia, to implement a policy for the use of drones.

Drones will be used for a variety of tasks, including land surveys, building surveys, inspections of assets such as trees and bridges, weed infestations, natural disaster evaluations, and even video footage to promote tourism. Council will now be able to undertake some inspections itself where previously an external contractor would be engaged. For example, when inspecting trees that are taller than Council's equipment.

As the drone will be used in a commercial setting, three Council staff were required to undertake a five-day training course approved by the Civil Aviation Safety Authority (CASA) in order to qualify as pilots. All images collected will be managed in accordance with Council's Information Privacy Policy and applicable privacy legislation.

The following statement reviews the progress of Council on major initiatives identified in the 2016-17 budget for the year.

Major Initiatives	Progress
Review Council's 10-year Long-term Financial Plan.	The review of Council's Long-term Financial Plan was incorporated as part of the 2017-18 budget process.

The following statement provides information about the services funded in the 2016-17 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.	(503) (394) 109
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.	3,402 2,323 (1,079)
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	1,302 1,288 (14)

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
	leadership and the development of strong relationships with key stakeholders and other levels of government. The Office of the CEO provides support to Council and coordinates business papers for meetings of the Council.	
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, procurement and contracting of services, raising and collection of rates and charges and valuation of properties throughout the municipality.	(13,636) <u>(8,828)</u> 4,808
Media, Communications and Civic Events	This service oversees the organisation's external and internal communications for relevant stakeholders. Civic Events supports the recognition, commemoration and celebration of prominent citizens, citizenship ceremonies and the successful delivery of significant Council programs, infrastructure and projects.	267 <u>441</u> 174

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	2016-17	
Scheduled strategic community visits by Council are undertaken	7	8	7	2	A new council was elected in October 2016. A new format for site visits is currently being developed.
Percentage of risk mitigation actions identified by internal audits of Council's systems and processes that are finalised within designated timeframes.	61%	69%	20%	64%	Over the past financial year, audits were completed for rates, fleet and risk management, and a follow up audit for cash receipting. Fourteen of the 22 actions identified in the audits were completed within designated timeframes. A further five are in progress and three are not complete.

Major Initiatives	Progress
Provide opportunities for our community to have a say in matters of interest to them through engagement and accessibility to Councillors and staff.	In the first half of the year 19 projects had formal community engagement plans that used digital and traditional tools including online Your Say engagement tools, drop in sessions, email newsletters, and hard copy correspondence. A range of e-newsletters to communicate regularly with stakeholders and community members about projects have been developed. These include: • EnviroConnect - distributed quarterly • Committees of Management newsletter - distributed on an as needs basis based on funding and other opportunities; • Developer Connect - distributed biannually • Paynesville Connect; • Lakes Entrance Connect; • Bemm River Connect; • Bairnsdale CBD Connect; and • Lindenow Connect. Use of the yoursay.eastgippsland.vic.gov.au website as an engagement tool has continued and been boosted to include consultation on a broader range of projects. More informal engagement also took place on most projects, including attendance at meetings, workshops, one-on-one consultations, email and letter correspondence.
Identify and implement process and improvement initiatives that lead to a more responsive organisation and increased productivity.	Seventy-three service profiles were completed for the services provided by Council. Analysis of the service profiles identified three areas for review in 2017: a Digital Strategy, Asset Management and Maintenance, and the strategic review of information and services provided by Libraries, Visitor Information Centres and Customer Services.

Major Initiatives	Progress
	The initial stages of the reviews were completed by June 2017 and work has begun on the next steps for the three reviews. The Service Profiles were also used to inform the new Chart of Accounts, and an Annual Planning cycle which aligns a number of key strategic areas e.g. Capital Works, Asset Management, Service Reviews and Place Plans. The planning cycle will enable priority areas to be identified and integrated planning to deliver projects and programs that meet community need and strategic objectives, will be implemented in the coming year.

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. 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.	2,105 <u>2,377</u> 272
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 document and information management support services.	3,242 <u>3,395</u> 153
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.	21 <u>(130)</u> (151)
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.	936 <u>1,082</u> 146

Service Performance Outcome Indicator	2014-15 result	2015-16 result	2016-17 result	Comments
Governance Transparency <i>Council resolutions at meetings closed to the public</i> [Number of council resolutions made at ordinary or special	22.36%	22.61%	41.49%	Council believes in being open and transparent in its decision-making process. Throughout the past year, of the 39 confidential resolutions made by Council 34 related to

Service Performance Outcome Indicator	2014-15 result	2015-16 result	2016-17 result	Comments
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				contractual matters, 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	47	Perceptions of performance in community consultation and engagement have been trending down over time, from a peak index score of 54 in 2012 and 2013. Consulting across our 40 distinct communities can be challenging given the size of the municipality and the age range of our residents. Council is currently surveying its residents on their preferred methods of communication, customer service and engagement with our organisation, which will give us direction on future investments in these areas.
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%	94.44%	
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	\$63,787.56	Councillors do not operate under a ward system and all Councillors can travel 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. Costs were further impacted due to the general Local Government election in October 2016 and a countback that was required due to the disqualification of a Councillor.
Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how	53	49	50	The level of community satisfaction with Council decision-making increased by one index point for 2017. Our survey results indicate

Service Performance Outcome Indicator	2014-15 result	2015-16 result	2016-17 result	Comments
council has performed in making decisions in the interest of the community]				that residents aged 50 to 64 years are generally more critical of Council, compared to other resident segments. Residents in the 18-34 year old age group are more favourable about Council. We are conducting further reviews of the survey data and additional consultation to better understand how we can meet the expectations of these demographic groups.

Looking forward

- Optimise opportunities to influence new Local Government Act (exposure draft due for release late 2017)
- Enter a contract for internal audit services for the next five years (2018-2023) and assist Audit Committee / Council to frame a matching five-year Internal Audit Plan.
- Devise and implement a Fraud and Corruption Control Framework.

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

Council's Human Resources team was recognised by Human Resources Director Magazine (HRD) for innovation in diversity and inclusion practices. HRD is Australia's only magazine targeting the most senior HR professionals and corporate decision makers. Council is committed to promoting inclusive employment, which we demonstrated by highlighting the talent pools found in typically neglected areas such as Aboriginal and Torres Strait Islander people, people with disabilities and youth. To improve the employment participation of these groups, officers developed a specialist recruitment guide for the recruiting managers. The guide contained provisions on areas such as organisational culture for inclusive practices, evaluation of recruitment process, potential barriers to employment of diverse groups, workplace mentoring and support. Council then launched several initiatives to complete the project such as training on cross-cultural awareness and mentoring, paid employment placements, and a job skills roadshow for students. Council also hired Aboriginal school-based trainees in its Parks and Gardens team and at the Bairnsdale Aquatic and Recreation Centre.

The Human Resources Unit worked closely with a new software provider to build and customise a new payroll system to replace the outdated software being used. The new system brought a range of benefits to staff, including an online self-service portal, the ability to submit and approve timesheets and leave forms faster online, and the functionality to manage the varying award conditions for employees working in our different Council areas.

Service Reviews were conducted across three major areas, being Customer Service, Asset Management and Digital Opportunities. Each of the service areas provide core functions which are critical to how Council operates and interfaces with the community. Each review has highlighted the need for transformational change, along with some areas for quick wins. This means each review will continue into the coming financial year. To date several conceptual recommendations for each service area have been identified and form the basis for the next stage of the reviews.

Strategic Indicator	Results				Comments
	2013-14	2014-15	2015-16	2016-17	
Increase in percentage of staff retained	93%	91%	86%	85%	The turnover figure for 2016-17 has increased from the previous year due to several planned departures, including retirements and role redundancies.
Decrease in lost time attributed to workplace incidents as a percentage of workable hours.	0.3%	0.7%	1.02%	0.5%	This decrease in lost time is attributed to new proactive injury management systems including a number of sit/stand workstations that help workers with back injuries to remain at work and be more productive; implementation of alternative/modified duties solutions outside of original role to fit with work restrictions (i.e. send them to work in different work unit if no suitable duties available in own work unit); and faster return to work for the majority of lost time injuries due to the identification of suitable alternative duties.

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.	1,277 <u>1,508</u> 231
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.	221 <u>232</u> 11

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.
- 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 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 through Council's 'Your Say East Gippsland' project and community consultation 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 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 risk identification and response, maintenance of sound financial management practices, adherence to legislation, facilitating the operations of Council, and the development of policies and procedures.

Accountability

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 agendas and minutes are available on Council's website and at its Service and Outreach 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 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. Council held the following meetings in 2016-17:

- 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 2016-17 financial year.

Councillor	Ordinary Council Meetings	Special Council Meetings
Cr Ben Buckley	10	5
Cr Richard Ellis	9	6
Cr Natalie O'Connell	7	4
Cr Marianne Pelz	10	5
Cr Mark Reeves	10	4
Cr Joe Rettino	7	4
Cr Jackson Roberts ³	4	2
Cr Colin Toohey	6	3
Cr John White	7	4
Cr Trudy Anderson	4	0
Cr Michael Freshwater ¹	4	2
Cr Jeff McNeill ¹	4	2
Cr Peter Neal ¹	4	2
Cr Jane Rowe ¹	4	2
Cr Linette Treasure ²	2	2

¹Councillor until October 2016

²Councillor from November 2016 to January 2017

³Councillor from March 2017.

Advisory Committees

The *Local Government Act 1989* allows Council to establish committees consisting of any combination of Councillors, Council staff and individuals. Council has no special committees as defined by section 86 of the *Local Government Act 1989*.

The following table shows advisory committees established by Council and each committee's purpose.

Committee	Councillors	Officers	Other	Purpose
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 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.
Economic Development Advisory Board	2	4	8	To recommend to Council actions to be undertaken to support economic and tourism activities in the municipality.
Marina Consultative Committee	2		6	To provide advice, guidance and recommendations to Council on the need for existing and emerging services, and overall sustainable management of Council's marina business.
Livestock Exchange Consultative Committee	2		7	To provide advice, guidance and recommendations to Council on the needs of existing and emerging services and overall sustainable management of Council's livestock exchange business.
Municipal Emergency Management Planning Committee	1	6	28	To develop and maintain the Municipal Emergency Management Plan and provide a municipal level forum to build and sustain organisational partnerships.

Councillor Code of Conduct

The *Local Government Act 1989* (the Act) section 76C(2) requires councils to review and make any necessary amendments to its Councillor Code of Conduct within four months after a general election of Council. The 2016-2020 Council was sworn in on 8 November 2016 and Council adopted a revised Code of Conduct on 13 December 2016.

Section 63(1) of the Act stipulates that a person elected to be a Councillor is not capable of acting as a Councillor until the person has:

- taken the Oath of Office; and
- read the Councillor Code of Conduct and made a written declaration stating that they will abide by the Code.

Within one month of the Councillor Code of Conduct being approved, individual Councillors must make a written declaration witnessed by the Chief Executive Officer, stating that they will abide by the Councillor Code of Conduct, as required under Section 76C(6A) of the Act.

Eight Councillors returned the agreement within that timeframe. Former Cr Linette Treasure refused to make the written declaration and became ineligible to continue as a Councillor in January 2017.

As a result of a countback conducted by the Victorian Electoral Commission on 14 February 2017, Cr Jackson Roberts was elected and having met his obligations under section 63(1) of the Act, took office on 7 March 2017.

This Code of Conduct provides a broad operational framework for Councillors. It:

- endeavours to foster good working relationships to enable Councillors to work constructively together in the best interests of the local community; and
- sets out the standards of conduct required of East Gippsland Shire's elected representatives to build and maintain public confidence in the integrity of Local Government.

In essence, the Code describes what constitutes ethical behaviour for East Gippsland Shire Council.

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

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

A copy of the Code is available online at eastgippsland.vic.gov.au/code.

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 and other committee members must disclose any perceived conflicts of interest. When a conflict of interest is disclosed, the discloser must leave the meeting while the issue is debated and the vote taken.

Councillors, Audit Committee members and senior officers are also required under section 81(5) of the Act to complete a *Register of Interests Primary Return* on taking office, followed by an *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. Community members can view these returns by completing an Inspect Register of Interests application.

Training elected representatives

Elected representatives undertook an extensive induction program following the October 2016 elections to ensure all Councillors were aware of their roles, responsibilities and the statutory frameworks within which they operate.

Council, and individual Councillors, are also encouraged to participate in a rolling professional development program throughout their term of office.

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 2016 to 30 November 2016 the councillor annual allowance for a category 2 Council (as defined by the Act) was \$24,127 per annum and the allowance for the Mayor was \$74,655 per annum.

The Minister for Local Government approved an annual adjustment of 2.5 per cent to take effect as from 1 December 2016. The annual allowances were adjusted for the period 1 December 2016 to 30 June 2017 at \$24,730 per annum for the Councillor allowance and \$76,521 per annum for the Mayoral allowance. An amount equivalent to the superannuation guarantee (currently 9.5 per cent) is payable in addition to the allowances set.

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

Councillors	Allowance \$
Cr Ben Buckley	\$22,878.28
Cr Richard Ellis	\$25,883.04
Cr Natalie O'Connell	\$17,100.86
Cr Marianne Pelz	\$44,275.04
Cr Mark Reeves	\$25,883.04
Cr Joe Rettino	\$52,913.82
Cr Jackson Roberts	\$8,309.28
Cr Colin Toohey	\$17,100.86
Cr John White	\$17,100.86
Cr Trudy Anderson ¹	\$8,782.18
Cr Michael Freshwater ¹	\$8,782.18
Cr Jeff McNeill ¹	\$8,782.18
Cr Peter Neal ¹	\$8,782.18
Cr Jane Rowe ¹	\$8,782.18
Cr Linette Treasure ²	\$5,007.89

¹ Councillor until October 2016

² Councillor from November 2016 to January 2017

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 2016-17 year are set out in the following table.

Councillor	Remote Travel \$	Conferen- ces and Training \$	Office Expenses* \$	Vehicle \$	Total \$
Cr Ben Buckley	1,560	1,682	1,732	13,753	18,727
Cr Richard Ellis		8,502	1,555	13,396	23,453
Cr Natalie O'Connell		833	481	8,998	10,312
Cr Marianne Pelz	480	4,380	1,550	13,554	19,964
Cr Mark Reeves	1,080	1,728	1,032	13,456	17,296
Cr Joe Rettino		5,700	742	8,998	15,440
Cr Jackson Roberts ³		147	354	5,858	6,359
Cr Colin Toohey		858	757	8,998	10,613
Cr John White		985	630	8,998	10,613
Cr Trudy Anderson ¹	360	1,258	240	4,459	6,317
Cr Michael Freshwater ¹		2,574	181	4,521	7,276
Cr Jeff McNeill ¹		1,104	956	4,459	6,519
Cr Peter Neal ¹	320	2,223	806	4,557	7,906
Cr Jane Rowe ¹		0	518	4,459	4,977
Cr Linette Treasure ²		526	203	3,509	4,238
TOTAL	\$3,800	\$32,500	\$11,737	\$121,973	\$170,010
*Office expenses include information and communications technology and stationery Note: No expenses were paid by Council including reimbursements to members of Council Committees during the year					

¹ Councillor until October 2016.

² Councillor from November 2016 to January 2017

³ Councillor from March 2017.

Management information

Audit Committee

The Audit Committee's role is to monitor and 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, 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 2016-17 the Audit Committee members were:

- Mr Michael McStephen, Chair
- Dr Christopher Shields
- Mr Ken White
- Ms Christine Wrench
- Cr Joe Rettino, Mayor, ex-officio (from 8 November 2016)
- Cr Marianne Pelz (re-appointed from 13 December 2016)
- Cr John White (from 13 December 2016)
- Cr Dick Ellis (1 July to 22 October 2016)
- Cr Jane Rowe (1 July to 22 October 2016)

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 2016-17, the internal auditor reviewed the following systems and procedures:

- Rates and Revenue
- Accounts Receivable/Cash Receipting Process Review Recommendations follow-up
- Fleet Management

External audit

Council is externally audited by the Victorian Auditor-General. For the 2016-17 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative, DMG Audit and Advisory.

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.

Risk Management projects and objectives are set as part of this framework, with specific deadlines on project delivery.

Council's Operational Risk register will continue to undergo review and development with a focus on current and emerging risks. Revision of Council's Business Continuity Plan will be a point of focus for the 2017-18 year.

The 2016-17 year saw the trial of a shared Risk Management resource model between East Gippsland and Wellington Shire Councils, with great success.

Insurances

Municipal Association of Victoria (MAV) Liability Mutual Insurance

Council has received services and workshops on property (asset) maintenance and protection, and tree management services in 2016-17 as part of the continual improvement model supported by our insurers.

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.

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 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.

With the emerging risk of cyber attack, Council conducted Fraud/Corruption and Cyber Awareness training during 2016-17 to all staff and Councillors.

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: 27 June 2017	☒
4 Annual Budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act Date of adoption: 27 June 2017	☒
5 Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	No plans Reason for no plans: 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: 13 December 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: 7 February 2017	☒
8 Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 6 June 2017	☒
9 Municipal Emergency Management Plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of preparation: 5 November 2015	☒
10 Procurement policy (policy under section 186A of the <i>Local Government Act 1989</i>)	Prepared and approved in accordance with section 186A of the <i>Local</i>	☒

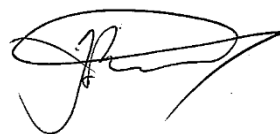
Governance and Management Items	Assessment	
outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	<i>Government Act 1989</i> Date of approval: 13 December 2016	
11 Business continuity plan (plan setting out the actions that will be undertaken to 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 new Business Continuity Plan is currently underway. Expected completion and live testing April 2018.	☒
12 Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Plan in operation Date of preparation: 1 April 2017	☒
13 Risk management framework (framework outlining council's approach to managing risks to the Council's operations)	Framework in operation Date of operation of current framework: 7 February 2017	☒
14 Audit Committee (advisory committee of council under section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	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 in operation 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)	No report provided. Reason for no report: Data incomplete. Quarterly reporting will be introduced from the fourth quarter 2017.	☐
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 September 2016, 1 November 2016, 7 February 2017,	☒

Governance and Management Items	Assessment	
	9 May 2017	
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. Dates reports presented: 30 September 2016, 31 December 2016, 31 June 2017.	☒
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)	No. Reason for no reporting: Performance Reporting against the indicators in the Local Government Reporting Framework is currently reported annually. A new policy and procedure has been developed that includes six-monthly reporting of indicators, where available.	☐
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: 11 October 2016	☒
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: 13 December 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 2017



Cr Joe Rettino
Mayor
Dated: 28 September 2017

Statutory information

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

Information available for public inspection

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 and Compliance Unit on (03) 5153 9500 or by visiting the Corporate Centre, 273 Main Street, Bairnsdale from 8.30 am to 5.00 pm 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 16 applications during the reporting year.

	2016-17	2015-16	2014-15	2013-14	2012-13
Number of new applications / requests	16	15 ¹	23	19	11
Access granted in full	1	3	11	1	4
Access granted in part	9	7	8	15	5
No documents existed in the requested form/ Act does not apply	0	2	2	1	0
Access denied in full	3	0	0	0	2
Withdrawn	1	0	2	0	0
Requests outstanding at end of financial year	2	2	0	2	0
Internal reviews	n/a	n/a	0	0	1
Reviews by Freedom of Information Commissioner	2	0	1	0	0
Appeals lodged with VCAT	0	0	0	0	0
Fees collected	\$418.50	\$408.00	\$583.00	\$488.30	\$276.10
Fees waived	0	0	\$26.50	0	0
Charges collected	\$271.90	\$102.00	\$139.20	\$200.00	0

¹ Documents were provided outside the Act for several requests

Best Value

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. In 2016-17 Council reviewed 70 of its services and identified three services for further in-depth review in 2017-18.

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.

The Protected Disclosure Policy and Procedures were adopted by Council in July 2013 and updated in 2014 and 2015. The policy and procedures are available from Council's website at eastgippsland.vic.gov.au/policies or from its 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 2017.

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 eastgippsland.vic.gov.au/policies.

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

Competition and Consumer Law Program

Council has complied with the requirements of the National Competition Policy for the period 1 July 2016 to 30 June 2017 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 in 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

Council'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.

A review of the General Local Law 2011 has been undertaken to improve its effectiveness and efficiency. This will be presented to Council in early 2017-18.

Increased enforcement regarding the display of goods and signs on Council's roads has resulted in increased revenue and compliance.

The Community Laws Unit supervises 16 school crossings and 21 supervisors in the shire. There are occasions when officers staff crossings in the absence of the supervisor. The unit is also involved in traffic counts, funding applications and safety audits of the crossings.

This year Community Laws has achieved:

- Improved services to remote areas resulting in improved community interaction.
- School crossing education will be supported by an officer to remote schools initially, then to schools in larger towns.
- Improved relations with local police with enforcement and prosecution of offenders breaching alcohol free zones resulting in a safer environment for all
- Funding for additional school crossing resulting in safer access for children
- Increase in media advertising raising public awareness of residents' legal obligations

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 to the Secretary of the Department 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 fifth year of the plan. These include:

- Provided extra dog faeces bag dispensers and enforcement signs in high volume dog walking areas;
- 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;
- Council provides a 24-hour service relating to animals including the response too, management, collection and impoundment of stray dogs and dog attacks;
- Completed improvements in animal registration database; and
- Introduced a more streamlined approach to barking dog nuisances.

Animal impoundments

Year	Animal impoundments	Reclaimed	Adopted	Euthanised	Transferred to Animal Aid Coldstream ¹
2016-17²	900	401 (45%)	400 (45%)	151 (16%)	120 (13%)
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

² – Includes carry-over animals in pound from previous year

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.

Council's strategy of increased advertising of animals impounded on our website, along with a proactive approach in community education and promotion of responsible pet ownership has been effective, with the number of animals reclaimed increasing by 11%.

A good working relationship with Council's animal pound contractor, Victorian Animal Aid, is another factor that can be attributed to this sharp increase in percentage of reclaims.

The number of animals adopted has increased by 7% and can be attributed to increased advertising and the proactive approach by Victorian Animal Aid.

The percentage of animals euthanised has remained steady at 16% 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 (12%) than dogs (5%) are euthanised because they are more likely to enter the pound with no owner identification.

The number 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 681 infringements were issued for breaches of the *Domestic Animals Act 1994* which represents a 25% 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

Under 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.

Road Management Act Ministerial direction

Under 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.

Infrastructure and development contributions

Under section 46GM and 46QD of the *Planning and Environment Act 1987*, Council is required to report to the Minister for Planning on infrastructure and development contributions, including levies and works in-kind. The report must be published in Council's Annual Report.

For the 2016-17 year Council provides the following information about infrastructure and development contributions:

Council did not receive any Developer Contributions from DCP Overlays in 2016-17.
Council did not collect any Community Infrastructure Levies in 2016-17.

Payment in lieu (Planning Permit condition): Parking

Development	Contribution \$
Pier 70, The Esplanade Paynesville	9000
Total	9000

Payment in lieu (Planning Permit condition): Public Open Space

Plan Permit Number	Certification Number	Address	Town	Contributions received \$
89/2006/P	Stage 5	27 Maclure Road	WY YUNG	12,900
145/2016/P	S088693T	97-99 Langford Parade	PAYNESVILLE	5,000
46/2013/P	S052434H	17A The Esplanade	PAYNESVILLE	5,400
473/2012/P	S073679B	28 Mitchell Street	BAIRNSDALE	5,000
408/2015/P	S082321V	156-158 Nicholson Street	BAIRNSDALE	3,200
287/2015/P	S081569B	15 Dooley Street	WY YUNG	9,000
354/2015/P	S081577C	234 Clifton West Road	WY YUNG	4,000

Provision of infrastructure – (Planning Permit condition): Works accepted in-kind in 2016-17

Development	Value of contributed infrastructure \$
1 Mill Street Bruthen	128,820.75
30 Campbell Drive Lake Bunga	152,267.68
38 Victoria Street Bairnsdale	133,541.31
42 Timbarra Drive Eastwood, Bairnsdale	52,554.90
45 Bream Road Lake Tyers Beach	79,468.75
79 Lorimer Drive Eastwood, Bairnsdale	95,832.65
150 Mittons Road Hillside	108,164.97
Kangaroo Track Cassilis	62,300.00
Rivers Edge Bairnsdale	502,716.25
Shannon Waters Stage 3 Bairnsdale	1,042,026.88

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 (\$)
Anglican Earthcare Gippsland	4,825
Bairnsdale District Dog Obedience	3,040
Bairnsdale Pony Club Inc	2,500
Benambra Neighbourhood House	509.09
Benambra Neighbourhood House	2,000
Birdlife Australia	2,079.09
Bruthen and District Citizens Association	1,800
Bruthen Football Club	5,000
Buchan South Avenue of Honour Committee	3,520
Cann River Community Centre	4,000
Cassilis Recreation Reserve	2,000
Centre for Rural Communities	4,000
Cobblers Creek Pony Club Inc	2,500
East Gippsland Landcare Network	5,000
Gipps East Local Learning Employment	2,500
Girl Guides Association of Vic	4,000
Glen Valley Hall Committee	3,940
Johnsonville Public Hall Committee	2,400
Lake Tyers Hall Committee	400
Lakes Entrance Football and Netball Club	1,500
Lakes Entrance Keenagers	1,108
Lakes Entrance Secondary College	1,970
Lions Club of Omeo	1,300
Lions Club of Paynesville	3,000
Mallacoota and District Historic	1,100
Nicholson River Landcare Inc	2,000
Nowa Camping and Recreation Committee	4,000
Nowa Public Hall Reserve Committee	1,624
Omeo Business and Tourism Association	2,665
Orbost Regional Health	2,500
Raymond Island Community Association	2,000
Riding for the Disabled Association	4,400
Rotary Club of Orbost	2,500
Rural and Community Arts Box	2,055
Scripture Union Victoria	1,800
Surfing Victoria	3,000

Westdale Kindergarten Inc	5,000
Total	99,535.18

Other Contributions and Donations

Organisation	Amount (\$)
Agribusiness Gippsland Inc	6,000
Bairnsdale and District Arts Society	500
Bairnsdale Golf Club Inc	1,000
Bairnsdale Secondary College	100
Bairnsdale Senior Citizens	6,100
Benambra Neighbourhood House	1,681.82
Bicycle Network Victoria	15,000
Bruthen Events and Arts Council	500
Bruthen Senior Citizens Centre	3,350
Buchan Tourist Association	2,880
Business and Tourism Association East	3,000
Champions League Basketball Pt	1,000
Cycling Victoria	3,438.31
Eagle Point Community Hall Com	228
East Gippsland Art Gallery	1,000
East Gippsland Art Gallery	3,800
East Gippsland Network Neighbourhood Houses	2,500
East Gippsland Network of Neighbourhood Houses	2,272.73
East Gippsland Family History Group Inc (Anthony Meade)	2,000
East Gippsland Family History Group Inc (Janice Haynes)	2,975
Eileen Thurgood T/A Amegilla G	500
Genoa Public Hall	232.30
Genoa Sports Club	790.42
GippsDairy Board	2,000
Gippsland Business Awards	3,300
Gippsland Lakes Community Health Children's Centre	4,970
Gippsland Regional Sports Academy	6,000
Great Alpine Gallery Inc	500
Great Alpine Gallery Inc	2,500
GTR Events	1,000
Lakes Entrance Senior Citizens	6,500
Life Saving Victoria	48,067.57
Lions Club of Omeo	2,500
Lucknow Memorial Hall	241.80
Lucknow Recreation Reserve Com	5,810
Mallacoota and District Historic Society	1,700
Mallacoota District Senior Citizens	8,950

Miss Karissa Webster	2,000
Mountain Bike Australia Inc	15,000
Municipal Engineering Foundation	1,000
Nagle College	100
Nowa Nowa Community and Development Association	1,475.85
Omeo District Health	545.45
Orbost Cricket Club	15,118
Orbost Senior Citizens	5,400
Paynesville Neighbourhood House	4,200
Peter Millard Consulting	500
Relationships Australia Victoria	1,000
Rotary Club of Lakes Entrance	2,100
Save The Children	1,500
Sports Marketing Australia Pty - Australian Beach Games	2,750
Sports Marketing Australia Pty - Beach Netball	2,200
Sports Marketing Australia Pty - Cycling Vic Tour	2,200
Sports Marketing Australia Pty - Mountain Bike	2,200
Sports Marketing Australia Pty - Pop Up Cinema	1,100
Sports Marketing Australia Pty - X-Marathon 2017	2,200
Swifts Creek Hall Inc	236.20
Swifts Creek Memorial Swimming	8,500
Swifts Creek P-12 School	4,165
Uniting Care Gippsland	2,000
Victorian Netball Association	5,000
Wellington Shire Council - National 4 x 4 Show	500
West Bairnsdale Oval Advisory	2,454
Wines of Gippsland Inc	1,000
Wurinbeena Ltd	10,000
Wy Yung and District Rec Reserve	9,500
Total	260,832.45

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 Council 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 (\$)
X-Marathon Adventure Race	10,000
Melbourne Cup and Bairnsdale Cup Racing Events	5,500
RACV Great Victorian Bike Ride	5,000
East Gippsland Leafy Vegetable Demonstration Day	5,000
Tambo Valley Producers Dinner	3,000
Australian Beach Games	5,000
Opera by the Lakes	3,000
2017 Victorian Men's and Women's Senior Amateur Golf Championship	6,000
Tour of East Gippsland 2016	4,000
Lakes Entrance New Year's Eve Fireworks	5,000
Lakes Entrance Australia Day Woodchop	3,000
East Gippsland Field Days	8,000
Village Green Cinema Night Metung	1,800
56th International Cadet Australian Yacht Championships	5,200
2017 Mountain Cattlemen's Association of Victoria Buchan Get Together	5,000
Snowy River Sprint	5,000
Omeo High Country Caravan and RV Muster	5,000
Omeo Rodeo Big Screen	4,000
Paynesville Music Festival	1,000
2017 Bream Vic Classic Series	8,000
Beach Netball Competition	5,000
Total	102,500

Committees of Management

The annual operational/maintenance 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 the shire.

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

Organisation	Amount \$
A J Freeman Reserve Committee of Management	3,775
Bairnsdale City Oval Committee	7,979
Bemm River Community Recreation Committee	2,286
Bemm River Reserve Committee of Management	1,313
Bendoc Community Memorial Hall	1,591
Bengworden Hall Committee	1,039
Bonang Hall Committee	618
Bruthen Mechanics Institute/Hall Committee	2,358
Bruthen Reserve Management Committee	5,334
Buchan Mechanics Hall	1,464
Buchan Recreation Reserve Committee	3,408
Bullumwaal Public Hall	885
Cann River Community Centre	3,213
Cassilis Recreation Reserve	1,231
Clifton Creek Hall and Rec Committee	1,219
Club Terrace Hall Committee	852
Combienbar Public Hall & Recreation Committee	726
Eagle Point Community Hall Committee	1,543
East Gippsland Rail Trail Committee	472
Ensay Mechanics Institute Reserve Committee	1,169
Ensay Recreation Reserve Committee	2,264
Evelt Park Committee of Management	2,687
Fernbank Mechanics Institute	984
Flaggy Creek Community Hall Committee	885
Gelantipy Public Hall	885
Genoa Public Hall	1,719
Genoa Sports Club Inc	772
Glen Valley Hall Committee	885
Glenaladale Recreation Reserve Committee	1,438
Goongerah Public Hall and Recreation Committee	2,641
Harry Clues Memorial Park	1,278
Hillside Community Reserve Committee	885
Hinnomunjie Recreation Reserve Committee	2,604
Howitt Park Committee	4,489
Johnsonville Public Hall Committee	1,646
Lake Omeo Reserve Committee of Management	1,214
Lake Tyers Hall Committee	1,099
Lake Tyers Recreation Reserve	864
Lakes Entrance Recreation Reserve Committee	12,997

Lakes Entrance Youth and Recreation Committee	9,155
Lindenow Memorial Hall	2,146
Lindenow South Recreation Committee	3,374
Lindenow Sports Ground Committee	9,121
Lucknow Memorial Hall	2,427
Lucknow Recreation Reserve Committee	7,289
Mallacoota Recreation Reserve	6,455
Mossiface Public Hall Committee	1,028
Simpsons Park Hall and Reserve (Newlands Arm Residents and Ratepayers Assoc.)	1,371
Nicholson Hall Committee of Management	1,569
Noorinbee Hall Recreation Committee	781
Nowa Nowa Camping and Recreation Committee	918
Nowa Nowa Public Hall Reserve	779
Nungurner Community Action Group	150
Omeo Recreation Reserve Committee of Management	7,339
Omeo Soldiers Memorial Hall Committee	2,089
Newmerella Recreation Reserve (Orbost Agricultural Society)	1,234
Orbost Community Sports Centre	6,569
Orbost Cricket Club	5,366
Orbost-Snowy Rovers Football Club	3,336
Picnic Point Hall Committee of Management	2,738
Raymond Island Community Association	1,720
Sarsfield Recreation Reserve Committee	2,560
Swan Reach Recreation Reserve	7,629
Swifts Creek Hall Inc	2,511
Swifts Creek Recreation Reserve	2,475
Tambo Upper Primary School	1,239
Tubbut Hall Committee	958
Wairewa Hall & Recreation Reserve	1,054
West Bairnsdale Oval Advisory Committee	4,682
Wulgulmerang Recreation Reserve	1,286
Wy Yung and District Recreation Reserve	4,229
Wy Yung Hall/William McBriar Reserve	1,487
Total	191,775

Memberships

Organisation	Amount (\$)
AC Museums and Galleries	281
Accor Advantage Plus	299
Aquatic and Recreation Victoria	941
Arts Hub Australia	1,060
Australian Airports Association Limited	1,025
Australian Coastal Council	2,532
Australian Institute of Company Directors	989
Australian Local Government Womens Association	268
Children's Book Council of Australia	84
Committee for Gippsland	7,500
CPA Australia	2,618
Early Childhood Australia	309
Eden Visitor Information Centre	81
Environmental Health Professionals Australia	822
Grants Hub	272
ICLEI - Local Governments for Sustainability	850
Keep Australia Beautiful Victoria	868
Livestock Saleyards Association of Victoria	4,610
Local Government Infrastructure	3,000
Local Government Professionals	3,883
Local Government Finance Professionals	650
Mallacoota and District Business and Tourism	120
Marina Industries Association	1,027
Municipal Association of Victoria - Asset STEP Management	7,900
Municipal Association of Victoria - Information Technology	2,391
Municipal Association of Victoria	32,197
National Timber Councils Taskforce	2,500
Parks and Leisure	265
Paynesville Business Tourism Association	85
Play Australia	296
Public Health Association of Australia	327
Public Libraries Network Victoria	3,302
RACV Club	619
Rail Freight Alliance	2,000
Records and Information Management Professionals Australia	331
Revenue Management Association	600
Risk Management Institute of Australia	272
Rural Councils Victoria	3,000
South East Australia Transport Strategy Inc	6,353
Timber Towns Victoria	3,000
Victoria Association of Performing Arts Centres	1,000
Victoria Walks	1,000
Victorian Municipal Building Surveyors Group	450
Victorian Planning and Environmental Law Association	195
Waste Management Association of Australia	881
Total	103,053

Section 7: Financial Performance

**East Gippsland Shire Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2017

East Gippsland Shire Council

Financial Report

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Comprehensive Income Statement For the Year Ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Income			
Rates and charges	3	52,866	51,090
Statutory fees and fines	4	1,972	1,516
User fees	5	10,933	10,540
Grants - operating	6	22,959	8,576
Grants - capital	6	6,737	11,027
Contributions - monetary	7	345	288
Contributions - non monetary	7	2,423	2,274
Fair value adjustments for investment property	20	(8)	(8)
Other income	9	3,836	4,220
Total income		102,063	89,523
Expenses			
Employee costs	10	27,153	25,777
Materials and services	11	32,881	35,262
Bad and doubtful debts	12	156	203
Net loss on disposal of property, infrastructure, plant and equipment	8	5,071	3,372
Depreciation and amortisation	13	22,962	20,764
Borrowing costs	14	549	647
Other expenses	15	1,134	1,199
Total expenses		89,906	87,224
Surplus/(deficit) for the year		12,157	2,299
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	27	-	-
Total comprehensive result		12,157	2,299

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

Balance Sheet As at 30 June 2017

	Note	2017 \$'000	2016 \$'000	2015 \$'000
Assets				
Current assets				
Cash and cash equivalents	16	30,725	26,119	22,789
Trade and other receivables	17	6,414	6,029	6,095
Other financial assets	16(a)	9,750	3,500	2,500
Other assets	18	886	1,107	5,615
Total current assets		47,775	36,755	36,999
Non-current assets				
Trade and other receivables	17	691	1,161	1,605
Property, infrastructure, plant and equipment	19	881,972	883,677	880,362
Investment property	20	1,172	1,360	1,444
Intangible assets	21	1,693	2,118	315
Total non-current assets		885,528	888,316	883,726
Total assets		933,303	925,071	920,725
Liabilities				
Current liabilities				
Trade and other payables	22	4,335	4,540	4,299
Trust funds and deposits	23	1,432	1,764	1,801
Prepaid Income	24	207	196	194
Provisions	25	9,040	11,247	8,723
Interest-bearing loans and borrowings	26	680	1,806	1,234
Total current liabilities		15,694	19,553	16,251
Non-current liabilities				
Prepaid Income	24	1,092	1,185	1,340
Provisions	25	10,714	10,007	9,309
Interest-bearing loans and borrowings	26	5,929	6,609	8,415
Total non-current liabilities		17,735	17,801	19,064
Total liabilities		33,429	37,354	35,315
Net assets		899,874	887,717	885,410
Equity				
Accumulated surplus		337,006	324,858	322,275
Reserves	27	562,868	562,859	563,135
Total Equity		899,874	887,717	885,410

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

Statement of Changes in Equity For the Year Ended 30 June 2017

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017					
Balance at beginning of the financial year		887,717	324,858	561,893	966
Surplus/(deficit) for the year		12,157	12,157	-	-
Transfers to other reserves	27(b)	-	(54)	-	54
Transfers from other reserves	27(b)	-	45	-	(45)
Balance at end of the financial year		899,874	337,006	561,893	975

		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
Prior Year adjustment 2014/15	1(ac)	15,019	15,019		
Adjusted balance at beginning of the financial year		885,410	322,275	561,893	1,242
Surplus/(deficit) for the year		2,307	2,307	-	-
Transfers to other reserves	27(b)	-	(54)	-	54
Transfers from other reserves	27(b)	-	330	-	(330)
Balance at end of the financial year		887,717	324,858	561,893	966

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 2017

		2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		52,869	50,302
Statutory fees and fines		1,797	1,210
User fees		11,626	11,427
Grants - operating		22,959	8,576
Grants - capital		6,737	11,027
Contributions - monetary		597	835
Interest received		946	1,027
Trust funds and deposits taken		9,962	7,041
Other receipts		3,416	9,371
Net GST refund		2,391	1,891
Employee costs		(27,046)	(25,577)
Materials and services		(39,494)	(38,190)
Trust funds and deposits repaid		(10,294)	(7,078)
Other payments		(1,247)	(1,310)
Net cash provided by/(used in) operating activities	28	35,219	30,552
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(22,777)	(25,001)
Proceeds from sale of property, infrastructure, plant and equipment		778	662
Payments for investments		(6,250)	(1,000)
Net cash provided by/(used in) investing activities		(28,249)	(25,339)
Cash flows from financing activities			
Finance costs		(559)	(649)
Repayment of borrowings		(1,805)	(1,234)
Net cash provided by/(used in) financing activities		(2,364)	(1,883)
Net increase (decrease) in cash and cash equivalents		4,606	3,330
Cash and cash equivalents at the beginning of the financial year		26,119	22,789
Cash and cash equivalents at the end of the financial year	16	30,725	26,119
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 2017

	2017 \$'000	2016 \$'000
Property		
Land	208	-
Land improvements	-	-
Total land	<u>208</u>	<u>-</u>
Buildings	3,702	586
Building improvements	-	2,891
Total buildings	<u>3,702</u>	<u>3,477</u>
Total property	<u>3,910</u>	<u>3,477</u>
Plant and equipment		
Plant, machinery and equipment	2,337	2,533
Fixtures, fittings and furniture	534	224
Computers and telecommunications	822	338
Library books	286	251
Total plant and equipment	<u>3,979</u>	<u>3,346</u>
Infrastructure		
Roads	6,802	8,832
Bridges	4,537	2,025
Footpaths and cycleways	837	407
Drainage	740	3,055
Recreational, leisure and community facilities	1,657	3,399
Waste management	520	618
Parks, open space and streetscapes	141	363
Aerodromes	18	-
Off Street Carpark	215	-
Other infrastructure	347	337
Total infrastructure	<u>15,814</u>	<u>19,036</u>
Total capital works expenditure	<u>23,703</u>	<u>25,859</u>
Represented by:		
New asset expenditure	3,038	4,752
Asset renewal expenditure	19,947	20,329
Asset expansion expenditure	16	-
Asset upgrade expenditure	702	778
Total capital works expenditure	<u>23,703</u>	<u>25,859</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.

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))
- the determination of landfill restoration provisions (refer to Note 1 (u))

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

(b) Changes in accounting policies

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

(c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2017, 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 2017.

(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

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. 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

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 of disposal, and is 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.

Note 1 Significant accounting policies (cont.)

(m) Recognition and measurement of property, infrastructure, plant and equipment and 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 price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

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

In accordance with Council's policy, the threshold limits 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 five 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 and wetlands are not depreciated on the basis that they are assessed as not having a limited useful life.

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

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

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.

Note 1 Significant accounting policies (cont.)

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

<i>Asset recognition thresholds and depreciation periods</i>	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	-	5
road kerb, channel and minor culverts	70 - 80	5
bridges	60-100	5
footpaths and cycleways	15-65 years	5
drainage	100 years	5
recreational, leisure and community facilities	15-60 years	5
waste management infrastructure	60 years	5
waste management landfill cells	3 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	3-10 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 of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(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).

Note 1 Significant accounting policies (cont.)

(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 is 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 note and presented inclusive of the GST payable.

(aa) Pending accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

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

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has a significant number of operating leases that will be impacted as a result of this change. This will see assets and liabilities of approximately \$1,074k recognised.

(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.

- (ac)** A prior year adjustment has been made to take up the fair value of seawall assets less a disposed seawall asset that had not previously been recognised in the financial statements. These assets were in existence and owned or controlled by Council for a number of years. A third balance sheet has been provided to reflect the changes to balance sheet accounts as a result of the prior year adjustment.

Summary of prior year adjustments

	Actual 2014/15 \$'000	Prior Year adjustment \$'000	Restated Actual 2014/15 \$'000
Asset adjustments			
Adjusted infrastructure fair values 2014/15 found assets less written off asset	-	15,019	-
Total assets adjustments	865,343	15,019	880,362
Accumulated Surplus	307,256	15,019	322,275

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 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 28 June 2016. 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 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Variance 2017 %	Ref
Income					
Rates and charges	52,389	52,866	477	1	
Statutory fees and fines	1,361	1,972	611	45	1
User fees	11,111	10,933	(178)	(2)	
Grants - operating	15,093	22,959	7,866	52	2
Grants - capital	7,349	6,737	(612)	(8)	3
Contributions - monetary	105	345	240	229	
Contributions - non monetary	2,000	2,423	423	21	4
Fair value adjustments for investment property	-	(8)	(8)	-	
Other income	7,315	3,836	(3,479)	(48)	5
Total income	96,723	102,063	5,340		
Expenses					
Employee costs	26,291	27,153	862	3	6
Materials and services	30,800	32,881	2,081	7	7
Bad and doubtful debts	34	156	122	359	8
Net loss on disposal of property, infrastructure, plant and equipment	-	5,071	5,071	100	9
Depreciation and amortisation	23,482	22,962	(520)	(2)	10
Borrowing costs	783	549	(234)	(30)	11
Other expenses	1,248	1,134	(114)	(9)	
Total expenses	82,638	89,906	7,268		
Surplus/(deficit) for the year	14,085	12,157	(1,928)		
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods:					
Net asset revaluation increment	94,928	-	(94,928)	(100)	12
Total comprehensive result	109,013	12,157	(96,856)		

Note 2 Budget comparison (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	During the year there was a significant increase in statutory fees, mainly for planning permits, health registrations and animal infringements, as a result of a the state government increasing these fees significantly. This increased the revenue over budget for planning fees of \$233K, for health fees of \$80K and animals of \$213K.. There were various other statutory fees that exceeded the budget by small amounts.
2	Grants - operating	A prepayment of \$7.260M of the 2017/18 Commonwealth Financial Assistance Grant was received in the June 2017. This unexpected prepayment had not been included in the 2016/17 budget.
3	Grants - capital	Funding for Roads to Recovery projects was \$1.085M less than budget as a result of the timing of works for approved projects. Unbudgeted capital grants were received for two drainage projects totalling \$676K as a result of works being completed in 2016/17. Additional capital grant was received for the Boundary Road Orbost project of \$143K also. The timing for the construction of the Lindenow Glenaladale Bridge meant that \$753K less than the budgeted income was received in the 2016/17 year. There were also various other new capital grants received as a result of successful funding applications that were not included in the original budget.
4	Contributions - non monetary	The additional contributed assets over the budget amount relate primarily to subdivisional development activity for the year and the value of assets required to be handed over to Council ownership. There were also a number of roads that were handed from Vic Roads to Council during the year valued at \$1.25M.
5	Other income	Reimbursements for natural disaster events was less than budget by \$4.3M as a result of a review of eligible expenditure for the fire event in January 2014. This was offset by workcover reimbursements that exceeded the budget by \$308K with other minor variances accounting for the remaining variance.
6	Employee costs	The allocation of wages to capital projects was less than the budgeted amount by \$691K as a result of capital projects that were planned to be completed in 2016/17 that will now be completed in 2017/18. As a result of internal restructures additional salary payments of \$250K were made for employee redundancies in accordance with Council's Enterprise Agreement. This was partly offset with savings from position vacancies during the year.
7	Materials and services	Unbudgeted expenditure of \$1.4M was incurred as a result of the July 2016 flood event. An unbudgeted expense adjustment of \$671K for landfill rehabilitation provisions was processed as a result of additional EPA requirements.
8	Bad and doubtful debts	A review of doubtful debts for compliance infringements and rates and charges, accounts for the majority of the increase.
9	Net loss on disposal of property, infrastructure, plant and equipment	Unbudgeted expenditure occurred as a result of adjustments to various assets due to impairments as well as expenditure that was assessed as operating rather than capital. As a result of the Bridge Replacement Program, bridges valued at \$1.3M were written off. There were also a number of road assets that were handed back to Vic Roads with a net value of \$2.4M.
10	Depreciation and amortisation	Depreciation was less than budget as a result of the timing for the completion and capitalisation of various capital projects. The amortisation for intangible assets was also slightly less than budget.
11	Borrowing costs	The variance is a result of the variable loan interest rate for Loan 41 that was less than anticipated at the time of preparing the budget.
12	Net asset revaluation increment	Following a review of the indexation movement for infrastructure assets a decision was made to undertake the revaluation of infrastructure assets in the 2017/18 financial year.

Note 2 Budget comparison (cont)

(b) Capital Works

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Variance 2017 %	Ref
Property					
Land	100	208	108	108	1
Total Land	100	208	108		
Buildings	5,045	3,702	(1,343)	(27)	2
Total Buildings	5,045	3,702	(1,343)		
Total Property	5,145	3,910	(1,235)		
Plant and Equipment					
Plant, machinery and equipment	2,008	2,337	329	16	3
Fixtures, fittings and furniture	196	534	338	172	4
Computers and telecommunications	1,930	822	(1,108)	(57)	5
Library books	275	286	11	4	
Total Plant and Equipment	4,409	3,979	(430)		
Infrastructure					
Roads	8,451	6,802	(1,649)	(20)	6
Bridges	5,661	4,537	(1,124)	(20)	7
Footpaths and cycleways	200	837	637	319	8
Drainage	1,694	740	(954)	(56)	9
Recreational, leisure and community facilities	105	1,657	1,552	1,478	10
Waste management	2,315	520	(1,795)	(78)	11
Parks, open space and streetscapes	3,923	141	(3,782)	(96)	12
Aerodromes	-	18	18	100	
Off Street Carpark	-	215	215	100	13
Other infrastructure	480	347	(133)	(28)	14
Total Infrastructure	22,829	15,814	(7,015)		
Total Capital Works Expenditure	32,383	23,703	(8,680)		
Represented by:					
New asset expenditure	4,059	3,038	(1,021)		
Asset renewal expenditure	23,669	19,947	(3,722)		
Asset expansion expenditure	3,726	16	(3,710)		
Asset upgrade expenditure	929	702	(227)		
Total Capital Works Expenditure	32,383	23,703	(8,680)		

Note: When comparing budget to the adopted 2016/17 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	There were a number of land purchases that were completed in 2016/17 that were budgeted for in the prior financial year.
2	Buildings	There were various components of the Pyke Street Redevelopment project that have been capitalised to other asset categories such as office furniture and car parks. Essential Services Measures projects at the Livestock Exchange are now scheduled for completion in 2017/18 accounting for \$495K of the variance.
3	Plant, machinery and equipment	There were a number of items of plant and vehicles that were budgeted in 2015/16 but not delivered until 2016/17.
4	Fixtures, fittings and furniture	Office furniture purchases for the Pyke Street Business Centre had been included in the Pyke Street Development project but required capitalising to Office furniture at year end.
5	Computers and telecommunications	In line with contractual terms and conditions there are a number of payments for new system requirements and upgrade of hardware that will now not be paid until the 2017/18 year. Intangible assets of \$362K were included in the adopted budget but classified as intangible assets at year end.
6	Roads	At year end there were a number of road projects that were incomplete and this accounts for approximately \$1.2M of the budget variance. The majority of these projects relate to Roads to Recovery projects where reporting and approval for budget reallocation to eligible roads resulted in a delay in completing the projects during the 2016/17 year. These projects will be completed in 2017/18. There is approximately \$260K of budgeted expenditure that has been classified as footpath expenditure and is reflected in footpath expenditure for the 2016/17 year. The remaining variance primarily relates to road projects that were completed less than the budgeted amount.
7	Bridges	The timing for the construction of the Lindenow Glenaladale Bridge will see this completed in 2017/18. The works commenced later than expected due to the contract for the works being awarded later than originally anticipated and as a result the expenditure was less than budget by \$955K. There were a number of other bridge construction projects that were incomplete at year end and will be finalised in 2017/18 year that account for the remaining variance.
8	Footpaths and cycleways	Various capital project budgets included a footpath component and this expenditure has been capitalised against footpaths and accounts for the majority of the budget variance.
9	Drainage	Eastern Creek Nutrient Stripping project and the Bairnsdale Aerodrome Drainage project were both incomplete at year end and account for \$533K of the variance. Some complexities in the drainage problems at the aerodrome came to light during design and inspection which has extended this project into the 2017/18 year. East Bairnsdale Drainage project was underspent and accounts for \$234K of the budget variance. Various other projects were incomplete at year end and account for the balance of the budget variance.
10	Recreational, leisure and community facilities	The budget for Stage 2 of the Metung Marina Redevelopment of \$1.5M was classified as Parks and Open Space; but the expenditure of \$1.2M has now been classified as recreation. The remaining variance primarily relates to various other smaller projects that were budgeted in 2015/16 but completed in 2016/17.
11	Waste management	The Lakes Entrance Transfer Station project has been rescheduled for construction in 2017/18 as a result of the delay in receiving final design approval from the auditor and EPA. This accounts for \$1.3M of the budget variance. Various other transfer station upgrades have also been rescheduled for completion in 2017/18 and account for the remaining variance.
12	Parks, open space and streetscapes	The budget for Stage 2 of the Metung Marina Redevelopment of \$1.5M was classified as Parks and Open Space; but the expenditure of \$1.2M has now been classified as recreation. There are various streetscape projects that will not be completed until 2017/18 as a result of contracts being awarded for the works later than originally anticipated. These projects account for \$965K of the remaining variance.
13	Off Street Carpark	The budget for the Pyke Street Redevelopment Project (classified as Buildings) included an allocation for the car park construction. This variance relates to this car park development.
14	Other infrastructure	The acquisition of public art has been delayed as a result of further community consultation and this account for the budget variance.

	2017 \$'000	2016 \$'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 2016/17 was \$7,262 million (2015/16 \$6,972 million), Commercial/Industrial rates was \$931 million (2015/16 \$942 million) and Farm rates was \$1,265 million (2015/16 \$1,239 million). The 2016/17 rate in the CIV dollar for General rates was 0.00385926 (2015/16 0.00383785), Commercial/Industrial rates was 0.00559593 (2015/16 0.00556488) and Farm rates was 0.00347333 (2015/16 0.00345406).		
General Rates	37,632	36,275
Municipal charge	8,379	8,112
Waste management charge	6,532	6,181
Supplementary rates and rate adjustments	(111)	163
Interest on rates and charges	274	241
Revenue in lieu of rates	160	118
Total rates and charges	52,866	51,090
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation will be first applied in the rating year commencing 1 July 2016.		
Note 4 Statutory fees and fines		
Infringements and costs	358	293
Application Registration Fees	356	287
Animal Registrations	402	356
Town planning fees	602	338
Land information certificates	100	102
Permits	57	55
Other	97	85
Total statutory fees and fines	1,972	1,516
Note 5 User fees		
Aged and health services	15	18
Leisure centre and recreation	2,197	2,252
Raymond Island Ferry	193	183
Arts and Culture	348	260
Caravan Parks	2,443	2,355
Saleyards	1,222	1,184
Marinas	852	790
Child care/children's programs	251	250
Tourism	242	247
Building services	30	23
Waste management services	3,032	2,838
Other fees and charges	108	140
Total user fees	10,933	10,540
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	26,754	14,473
State funded grants	2,483	4,665
Other	459	465
Total grants received	29,696	19,603

	2017 \$'000	2016 \$'000
Note 6 Grants (cont'd)		
Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Commonwealth Financial Assistance	21,289	6,861
Aged Services	41	-
<i>Recurrent - State Government</i>		
Arts and Culture	100	90
Asset Maintenance	186	63
Community Development	278	271
Community Laws	61	52
Community Support	3	43
Emergency Management	163	91
Environmental Management	61	61
Libraries	332	327
Parks and Gardens	2	2
Public Health	54	18
Strategic Planning	4	42
<i>Recurrent - Other</i>		
Public Health	10	11
Recreational, Leisure and Community Facilities	10	10
Total recurrent operating grants	22,594	7,942
<i>Non-recurrent - Commonwealth Government</i>		
Community Development	5	-
Emergency Management	15	-
Environmental Operations	20	-
Environmental Sustainability	-	71
<i>Non-recurrent - State Government</i>		
Arts and Culture	7	-
Community Development	32	50
Economic Development	15	34
Emergency Management	22	(3)
Environmental Sustainability	120	111
Human Resources	5	-
Library Services	7	-
Recreational, Leisure and Community Facilities	-	3
Statutory Planning	2	-
Strategic Planning	44	160
Tourism and Visitor Information Services	-	2
Waste	5	-
<i>Non-recurrent - Other</i>		
Community Development	8	-
Community Services	-	22
Environmental Management	8	79
Public Health	5	-
Libraries	12	4
Roads	-	2
Strategic Planning	-	60
Sustainability	33	39
Total non-recurrent operating grants	365	634
Total operating grants	22,959	8,576

	2017 \$'000	2016 \$'000
Note 6 Grants (cont'd)		
Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	4,368	6,275
Recurrent - State Government		
Other Infrastructure	3	9
Recreational, Leisure and Community Facilities	9	21
Total recurrent capital grants	4,380	6,305
Non-recurrent - Commonwealth Government		
Buildings	-	251
Bridges	450	-
Drainage	(28)	500
Roads	593	515
Non-recurrent - State Government		
Buildings	-	46
Drainage	378	1,000
Footpaths and Cycleways	95	30
Other Infrastructure	-	181
Parks, Open Space and Streetscapes	151	45
Recreational, Leisure and Community Facilities	345	1,918
Non-recurrent - Other		
Footpaths and Cycleways	-	26
Other Infrastructure	-	200
Parks, Open Space and Streetscapes	47	10
Drainage	326	-
Total non-recurrent capital grants	2,357	4,722
Total capital grants	6,737	11,027
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	1,553	1,751
Received during the financial year and remained unspent at balance date	1,620	1,054
Received in prior years and spent during the financial year	(823)	(1,252)
Balance at year end	2,350	1,553
Note 7 Contributions		
Monetary	345	288
Non-monetary	2,423	2,274
Total contributions	2,768	2,562
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Land	467	374
Roads	1,787	1,109
Other infrastructure	47	-
Footpaths	25	193
Drainage	97	598
Total non-monetary contributions	2,423	2,274
Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	778	662
Written down value of assets disposed	(5,849)	(4,034)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(5,071)	(3,372)

	2017 \$'000	2016 \$'000
Note 9 Other income		
Interest	930	851
Investment property rental	786	767
Reimbursements - Other	1,046	166
Reimbursements - Natural Disasters	880	2,290
Other	194	146
Total other income	3,836	4,220
Note 10 (a) Employee costs		
Wages and salaries	21,787	20,878
WorkCover	557	444
Casual staff	2,363	1,860
Superannuation	2,250	2,145
Fringe benefits tax	133	160
Other	63	290
Total employee costs	27,153	25,777
Note 10 (b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	53	125
	53	125
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,442	1,805
Employer contributions - other funds	755	215
	2,197	2,020
Employer contributions payable at reporting date.	-	-
Refer to note 32 for further information relating to Council's superannuation obligations.		
Note 11 Materials and services		
Contractor payments	12,998	13,784
Building maintenance	1,167	1,158
General maintenance *	12,014	13,356
Utilities	1,800	1,783
Office administration	367	426
Information technology	1,504	1,475
Insurance	965	966
Consultants	883	968
Contributions	1,183	1,346
Total materials and services	32,881	35,262
* General maintenance includes an adjustment of \$0.671 million in 2016/17 (\$1.248 million adjustment in 2015/16) for Landfill rehabilitation provisions.		

	2017 \$'000	2016 \$'000
Note 12 Bad and doubtful debts		
Parking fine debtors	34	29
Animal fine debtors	103	86
Rates debtors	21	19
Other debtors	(2)	69
Total bad and doubtful debts	156	203
Note 13 Depreciation and amortisation		
Property	3,187	2,820
Plant and equipment	3,212	2,855
Infrastructure	15,776	14,723
Total depreciation	22,175	20,398
Intangible assets	787	366
Total depreciation and amortisation	22,962	20,764
<i>Refer to note 19 and 21 for a more detailed breakdown of depreciation and amortisation charges</i>		
Note 14 Borrowing costs		
Interest - Borrowings	549	647
Total borrowing costs	549	647
Note 15 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	45	40
Auditors' remuneration - Internal	29	32
Councillors' allowances	284	293
Operating lease rentals	276	283
Memberships/Subscriptions	189	160
Bank fees and charges	180	168
Legal fees	128	120
Other	3	103
Total other expenses	1,134	1,199

	2017 \$'000	2016 \$'000
Note 16 Cash and cash equivalents		
Cash on hand	12	14
Cash at bank	490	773
Term deposits	30,223	25,332
	30,725	26,119
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)	1,432	1,764
- Unexpended grants (refer to Note 6)	2,350	1,553
- Non-Discretionary Reserves (refer to Note 27(b))	975	966
Total restricted funds	4,757	4,283
Total unrestricted cash and cash equivalents	25,968	21,836
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	11,686	11,097
- Cash held to fund carried forward landfill rehabilitation projects	4,481	4,361
- Tambo Bluff Estate	303	164
- Water transport replacement reserve	1,100	800
Total funds subject to intended allocations	17,570	16,422
Refer also to Note 16(a) for details of other financial assets held by Council.		
Note 16(a) Other financial assets		
Term deposits	9,750	3,500
Total other financial assets	9,750	3,500
Note 17 Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	3,180	3,183
Special rate assessment	1,250	1,031
Parking infringement debtors	11	9
Infringement Court	448	329
GST Receivable	481	419
<i>Non statutory receivables</i>		
Other debtors	1,539	1,442
Provision for doubtful debts - other debtors	(495)	(384)
Total current trade and other receivables	6,414	6,029
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	691	1,161
Total non-current trade and other receivables	691	1,161
Total trade and other receivables	7,105	7,190
(a) Ageing of Receivables		
At balance date other debtors representing financial assets were past due but not impaired. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	950	648
Past due by up to 30 days	139	672
Past due between 31 and 180 days	225	74
Past due between 181 and 365 days	113	24
Past due by more than 1 year	112	24
Total trade & other receivables	1,539	1,442
(b) Movement in provisions for doubtful debts		
Balance at the beginning of the year	384	263
New Provisions recognised during the year	156	151
Amounts already provided for and written off as uncollectible	(45)	(30)
Balance at end of year	495	384

	2017 \$'000	2016 \$'000
Note 17 Trade and other receivables (cont'd)		
(c) Ageing of individually impaired Receivables		
At balance date, other debtors representing financial assets with a nominal value of \$495,000 (2016: \$384,000) were impaired. The amount of the provision raised against these debtors was \$495,000 (2016: \$384,000). 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:		
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	495	384
Total trade & other receivables	495	384
Note 18 Other assets		
Prepayments	551	631
Accrued income	335	476
Total other assets	886	1,107

Note 19 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

2017	At Fair Value 30 June 2016	Acquisitions	Contributions	Depreciation	Disposal	Transfers	At Fair Value 30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	97,014	208	467	-	-	-	97,689
Buildings	88,064	3,779	-	(3,187)	(239)	37	88,454
Plant and Equipment	14,490	4,450	-	(3,212)	(518)	475	15,685
Infrastructure	678,287	16,020	1,957	(15,776)	(3,954)	(510)	676,024
Work in progress	5,822	23,703	-	-	(958)	(24,447)	4,120
	883,677	48,160	2,424	(22,175)	(5,669)	(24,445)	881,972

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Land	-	208	(208)	-	-
Buildings	386	3,702	(3,410)	(197)	481
Plant and Equipment	245	3,979	(4,116)	(17)	91
Infrastructure	5,191	15,814	(16,713)	(744)	3,548
Total	5,822	23,703	(24,447)	(958)	4,120

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 2016		83,734	13,280	97,014	163,582	163,582	386	260,982
Accumulated depreciation at 1 July 2016		-	-	-	(75,518)	(75,518)	-	(75,518)
		83,734	13,280	97,014	88,064	88,064	386	185,464
Movements in fair value								
Acquisition of assets at fair value		208	-	208	3,779	3,779	3,910	7,897
Contributed assets		467	-	467	-	-	-	467
Revaluation increments/decrements		-	-	-	-	-	-	-
Fair value of assets disposed		-	-	-	(1,443)	(1,443)	(197)	(1,640)
Impairment losses recognised in operating result		-	-	-	-	-	-	-
Transfers		-	-	-	239	239	(3,618)	(3,379)
		675	-	675	2,575	2,575	95	3,345
Movements in accumulated depreciation								
Depreciation and amortisation		-	-	-	(3,187)	(3,187)	-	(3,187)
Accumulated depreciation of disposals		-	-	-	1,204	1,204	-	1,204
Impairment losses recognised in operating result		-	-	-	-	-	-	-
Transfers		-	-	-	(202)	(202)	-	(202)
		-	-	-	(2,185)	(2,185)	-	(2,185)
At fair value 30 June 2017		84,409	13,280	97,689	166,157	166,157	481	264,327
Accumulated depreciation at 30 June 2017		-	-	-	(77,703)	(77,703)	-	(77,703)
		84,409	13,280	97,689	88,454	88,454	481	186,624

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 2016		17,834	6,381	2,998	3,914	245	31,372
Accumulated depreciation at 1 July 2016		(7,986)	(3,774)	(2,094)	(2,783)	-	(16,637)
		<u>9,848</u>	<u>2,607</u>	<u>904</u>	<u>1,131</u>	<u>245</u>	<u>14,735</u>
Movements in fair value							
Acquisition of assets at fair value		2,614	556	994	286	3,979	8,429
Contributed assets		-	-	-	-	-	-
Revaluation increments/decrements		-	-	-	-	-	-
Fair value of assets disposed		(1,488)	-	-	-	(17)	(1,488)
Impairment losses recognised in operating result		-	-	-	-	-	-
Transfers		-	561	-	-	(4,116)	561
		<u>1,126</u>	<u>1,117</u>	<u>994</u>	<u>286</u>	<u>(154)</u>	<u>3,523</u>
Movements in accumulated depreciation							
Depreciation and amortisation		(1,876)	(571)	(521)	(244)	-	(3,212)
Accumulated depreciation of disposals		970	-	-	-	-	970
Impairment losses recognised in operating result		-	-	-	-	-	-
Transfers		-	(86)	-	-	-	(86)
		<u>(906)</u>	<u>(657)</u>	<u>(521)</u>	<u>(244)</u>	<u>-</u>	<u>(2,328)</u>
At fair value 30 June 2017		18,960	7,498	3,992	4,200	91	34,741
Accumulated depreciation at 30 June 2017		(8,892)	(4,431)	(2,615)	(3,027)	-	(18,965)
		<u>10,068</u>	<u>3,067</u>	<u>1,377</u>	<u>1,173</u>	<u>91</u>	<u>15,776</u>

Notes to the Financial Report
For the Year Ended 30 June 2017

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	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 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 1 July 2016		(172,591)	(26,315)	(7,640)	(13,838)	(12,634)	(1,348)	(4,205)	-	(45)	(4,381)	-	(242,997)
		493,001	60,912	19,247	53,971	10,367	6,143	9,613	-	151	9,863	5,191	668,459
Prior year adjustments to fair value		-	-	-	-	-	-	16,932	-	-	-	-	16,932
Prior year adjustment to accumulated depreciation		-	-	-	-	-	-	(1,913)	-	-	-	-	(1,913)
Total Prior year adjustments		493,001	60,912	19,247	53,971	10,367	6,143	24,632	-	151	9,863	5,191	683,478
Adjusted fair value as at 1 July 2016		665,592	87,227	26,887	67,809	23,001	7,491	30,750	-	196	14,244	5,191	928,388
Adjusted accumulated depreciation as at 1 July 2016		(172,591)	(26,315)	(7,640)	(13,838)	(12,634)	(1,348)	(6,118)	-	(45)	(4,381)	-	(244,910)
Adjusted opening balances as at 1 July 2016		493,001	60,912	19,247	53,971	10,367	6,143	24,632	-	151	9,863	5,191	683,478
Movements in fair value													
Acquisition of assets at fair value		6,838	4,221	895	1,286	1,686	479	54	18	215	328	15,814	31,834
Contributed assets		1,879	-	25	97	-	-	-	-	-	58	-	2,059
Fair value of assets disposed		(4,087)	(3,310)	-	-	(167)	-	-	-	(16)	(127)	(744)	(8,451)
Impairment losses recognised in operating result		-	-	-	-	-	-	-	-	-	-	-	-
Transfers		(18,897)	(33)	-	74	(113)	-	(53)	8,323	10,607	(707)	(16,713)	(17,512)
		(14,267)	878	920	1,457	1,406	479	1	8,341	10,806	(448)	(1,643)	7,930
Movements in accumulated depreciation													
Depreciation and amortisation		(10,876)	(1,155)	(404)	(874)	(462)	(1,045)	(277)	(92)	(157)	(434)	-	(15,776)
Contributed assets		(92)	-	-	-	-	-	-	-	-	(10)	-	(102)
Accumulated depreciation of disposals		1,712	1,993	-	-	38	-	-	-	5	5	-	3,753
Impairment losses recognised in operating result		-	-	-	-	-	-	-	-	-	-	-	-
Transfers		3,124	-	-	-	1	-	21	(816)	(2,308)	267	-	289
		(6,132)	838	(404)	(874)	(423)	(1,045)	(256)	(908)	(2,460)	(172)	-	(11,836)
At fair value 30 June 2017		651,325	88,105	27,807	69,266	24,407	7,970	30,751	8,341	11,002	13,796	3,548	936,318
Accumulated depreciation at 30 June 2017		(178,723)	(25,477)	(8,044)	(14,712)	(13,057)	(2,393)	(6,374)	(908)	(2,505)	(4,553)	-	(256,746)
		472,602	62,628	19,763	54,554	11,350	5,577	24,377	7,433	8,497	9,243	3,548	679,572

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 unserved) 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 2017 are as follows:

	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000
Land -Specialised	-	13,280	-
Land Non -Specialised	-	-	84,409
Buildings	-	-	88,454
Total	-	13,280	172,863

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 2017 are as follows:

	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000
Roads	-	-	472,602
Bridges	-	-	62,628
Footpaths and cycleways	-	-	19,763
Drainage	-	-	54,554
Recreational, leisure and community facilities	-	-	11,350
Waste management	-	-	5,577
Parks, open space and streetscapes	-	-	24,377
Aerodromes	-	-	7,433
Off Street Car parks	-	-	8,497
Other infrastructure	-	-	9,243
Total	-	-	676,024

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

2017
\$'000

2016
\$'000

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	3,952	3,770
Parks and reserves	44,002	43,677
Recreation and Leisure	19,398	19,398
Residential Land	323	182
Commercial Land	294	294
Aerodrome Land	1,330	1,330
Community Services Land	1,194	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	220
Quarry Reserve Land	143	143
Drainage Reserve Land	4,121	4,108
Saleyard & Pound Facility Land	325	325
Waste Management Land	2,665	2,665
Road Reserves	347	347
Total specialised land	84,409	83,734

	2017	2016	
	\$'000	\$'000	
Note 20 Investment property			
Balance at beginning of financial year	1,360	1,444	
Additions	-	20	
Disposals	(180)	(96)	
Fair value adjustments	(8)	(8)	
Balance at end of financial year	<u>1,172</u>	<u>1,360</u>	
<i>Valuation of investment property</i>			
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	553	260	
Landfill air space	1,140	1,858	
Total intangible assets	<u>1,693</u>	<u>2,118</u>	
	Software	Landfill	Total
	\$'000	\$'000	\$'000
Gross carrying amount			
Balance at 1 July 2016	1,966	2,154	4,120
Additions from internal developments	362	-	362
Other Additions	-	-	-
Balance at 1 July 2017	<u>2,328</u>	<u>2,154</u>	<u>4,482</u>
Accumulated amortisation and impairment			
Balance at 1 July 2016	1,706	296	2,002
Amortisation expense	69	718	787
Balance at 1 July 2017	<u>1,775</u>	<u>1,014</u>	<u>2,789</u>
Net book value at 30 June 2016	260	1,858	2,118
Net book value at 30 June 2017	<u>553</u>	<u>1,140</u>	<u>1,693</u>
	2017	2016	
	\$'000	\$'000	
Note 22 Trade and other payables			
Trade payables	2,005	2,354	
Accrued expenses	2,330	2,186	
Total trade and other payables	<u>4,335</u>	<u>4,540</u>	

		2017 \$'000	2016 \$'000		
Note 23	Trust funds and deposits				
	Refundable deposits	877	855		
	Fire services levy	198	205		
	Retention amounts	354	668		
	Funds Held in Trust	3	36		
	Total trust funds and deposits	1,432	1,764		
	<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 Services 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	207	196		
	Non-current	1,092	1,185		
		1,299	1,381		
Note 25	Provisions				
		Employee	Landfill restoration	Native Vegetation	Total
		\$ '000	\$ '000	\$ '000	\$ '000
2017					
	Balance at beginning of the financial year	5,240	15,767	247	21,254
	Additional provisions	2,274	671	-	2,945
	Amounts used	(2,284)	(2,012)	(9)	(4,305)
	Change in the discounted amount arising because of time and the effect of any change in the discount rate	(140)	-	-	(140)
	Balance at the end of the financial year	5,090	14,426	238	19,754
2016					
	Balance at beginning of the financial year	5,002	12,784	246	18,032
	Additional provisions	1,935	3,204	7	5,146
	Amounts used	(1,938)	(417)	(6)	(2,361)
	Change 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
				2017 \$'000	2016 \$'000
	(a) Employee provisions				
	Current provisions expected to be wholly settled within 12 months				
	Annual leave			1,972	1,900
	Long service leave			244	243
				2,216	2,143
	Current provisions expected to be wholly settled after 12 months				
	Annual leave			191	145
	Long service leave			2,199	2,190
				2,390	2,335
	Total current employee provisions			4,606	4,478
	Non-current				
	Long service leave			484	762
	Total non-current employee provisions			484	762
	Aggregate carrying amount of employee provisions:				
	Current			4,606	4,478
	Non-current			484	762
	Total aggregate carrying amount of employee provisions			5,090	5,240

	2017 \$'000	2016 \$'000
Note 25 Provisions (cont'd)		
(b) Land fill restoration		
Current	4,434	6,769
Non-current	9,992	8,998
	14,426	15,767
(c) Native Vegetation Offset		
Current	-	-
Non-current	238	247
	238	247
Total Current	9,040	11,247
Total Non-current	10,714	10,007
Total Provisions	19,754	21,254
Note 26 Interest-bearing loans and borrowings		
Current		
Borrowings - secured (1)	680	1,806
	680	1,806
Non-current		
Borrowings - secured (1)	5,929	6,609
	5,929	6,609
Total	6,609	8,415
(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	680	1,806
Later than one year and not later than five years	4,279	3,259
Later than five years	1,650	3,350
	6,609	8,415

Note 27 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
(a) Asset revaluation reserves			
2017			
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
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

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				
2017				
Car Parking	193	9	(9)	193
Recreational Land	739	45	(36)	748
Road Upgrading	34	-	-	34
Total Other reserves	966	54	(45)	975
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

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.

	2017 \$'000	2016 \$'000
Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	12,157	2,299
Depreciation/amortisation	22,962	20,764
Profit/(loss) on disposal of property, infrastructure, plant and equipment	5,071	3,372
Borrowing costs	559	649
Fair value adjustments for investment property	8	-
Contributions - Non-monetary assets	(2,423)	(2,274)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	84	510
Decrease in prepayments	80	(165)
Increase/(decrease) in accrued income	141	4,673
Increase/(decrease) in trade and other payables	(1,506)	(162)
(Decrease)/increase in other liabilities	(82)	(153)
Increase/(Decrease) in provisions	(1,500)	1,068
Increase/(Decrease) in trust funds	(332)	(37)
Net cash provided by/(used in) operating activities	35,219	30,544
Note 29 Financing arrangements		
Borrowings	6,609	8,415
Credit card facilities	200	100
Bank overdraft	1,500	1,500
Total facilities	8,309	10,015
Used facilities		
Borrowings	6,609	8,415
Credit card facilities	50	34
Total Used Facilities	6,659	8,449
Unused facilities		
Credit card facilities	150	66
Bank overdraft	1,500	1,500
Total Unused Facilities	1,650	1,566

Note 30 Commitments

The Council has entered into the following commitments

2017	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Cleaning	710	710	1,420	-	2,840
Ferry Operations/Maintenance	482	908	881	-	2,271
Road Infrastructure Maintenance	4,990	2,570	-	-	7,560
Waste Management	2,831	2,774	7,955	7,053	20,613
Other Service Contracts	870	584	135	-	1,589
Total	9,883	7,546	10,391	7,053	34,873
Capital					
Buildings	305	-	-	-	305
Roads	3,714	-	-	-	3,714
Waste	-	-	-	-	-
Other	110	-	-	-	110
Total	4,129	-	-	-	4,129

2016	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
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

		2017 \$'000	2016 \$'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	137	152
	Later than one year and not later than five years	449	540
	Later than five years	488	41
		1,074	733
	(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	639	675
	Later than one year and not later than five years	2,179	2,228
	Later than five years	2,894	1,247
		5,712	4,150
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 2017, 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 2016, 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 102.0%. 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 2017 was 103.1%.

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 2016 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 2017, this rate was 9.5% of members' salaries (9.5% in 2015/2016). 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.

2016 Interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$40.3 million; and

A total service liability surplus of \$156 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 2016. 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 2016 VBI during August 2016.

2017 Full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 are \$71,000.

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.

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.

	2017 No.
Note 35 Related party disclosures	
(i) Key Management Personnel	
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:	
Councillors	
Councillor Joe Rettino (Mayor from 8 November 2016 onwards)	
Councillor Marianne Pelz (Mayor from 10 November 2015 to 22 October 2016)	
Councillor Richard Ellis	
Councillor Mark Reeves	
Councillor Michael Freshwater to 22 October 2016	
Councillor Jeff McNeill to 22 October 2016	
Councillor Jane Rowe to 22 October 2016	
Councillor Peter Neal to 22 October 2016	
Councillor Ben Buckley	
Councillor Trudy Anderson to 22 October 2016	
Councillor Natalie O'Connell from 8 November 2016	
Councillor Colin Toohey from 8 November 2016	
Councillor John White from 8 November 2016	
Councillor Jackson Roberts from 7 March 2017	
Councillor Linette Treasure from 8 November 2016 to 12 January 2017	
Chief Executive Officer Gary Gaffney	
Total Number of Councillors	15
Chief Executive Officer and other Key Management Personnel	5
Total Key Management Personnel	<u>20</u>
(ii) Remuneration of Key Management Personnel	
	2017
	\$,000
Total remuneration of key management personnel was as follows:	
Short-term benefits	1,259
Post employment benefits	94
Long-term benefits	25
Total	<u>1,378</u>
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	
	2017
	No.
\$1 - \$9,999	7
\$10,000 - \$19,999	3
\$20,000 - \$29,999	3
\$40,000 - \$49,999	1
\$50,000 - \$59,999	1
\$190,000 - \$199,999	2
\$210,000 - \$219,999	2
\$290,000 - \$299,000	1
	<u>20</u>

Note 35 Related party disclosures (cont'd)

(iii) Transactions with related parties

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

- 1 For the year ended 30 June 2017, Council paid \$105,673 to staff related to Key Management Personnel and has accrued benefits payable to these staff of \$15,806 as at 30 June 2017, under standard employment terms and conditions.
- 2 For the year ended 30 June 2017, Council paid \$471,832 to suppliers and contractors related to Key Management Personnel on normal commercial terms and conditions. Details of these related party transactions for Key Management Personnel are as follows:

Key Management Personnel	Related Party Transaction Details
Cr Buckley	Benambra Coop/Store \$4,892 for purchase of fuel and other sundry items for Council business
Cr Pelz	Pelz Haulage Pty Ltd \$22,466 for works and services
	Orbost Country Motor Inn \$1,125 for accommodation expenses for Council employees
	Snowy River Lodge Motel \$193 for accommodation for Council employees
Cr Ellis	Lakes Entrance Surf Lifesaving Club \$550 community grant
Cr O'Connell	O'Connells Omeo Bus Service \$880 for transportation
Cr Rettino	Dwyers Gippsland and Dwyers Toyota \$242,390 for the purchase of fleet vehicles
Cr White	Melwood Investments Pty Ltd \$186,779 for contracted slashing services
Paul Holton	Noweyung Limited \$12,304 for gardening and other services
Chris Waites	Dyers Transport \$248 for transportation services

(iv) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Nil

(v) Loans to/from related parties

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

Nil

(vi) Commitments to/from related parties

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

Nil

Note 36 Senior Officer Remuneration

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$142,000

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

Income Range:	2017 No.	2016 No.
\$130,000 - \$139,999	1	1
\$150,000 - \$159,999	1	1
	2	2

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

\$297,936

\$296,120

Note 37 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.



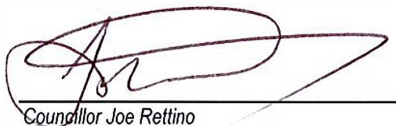
Elizabeth Collins CPA
Principal Accounting Officer

Date : 18 September 2017
Bairnsdale

In our opinion the accompanying financial statements present fairly the financial transactions of East Gippsland Shire Council for the year ended 30 June 2017 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.



Councillor Joe Rettino
Councillor

Date : 18 September 2017
Bairnsdale



Councillor John White
Councillor

Date : 18 September 2017
Bairnsdale



Gary Gaffney
Chief Executive Officer

Date : 18 September 2017
Bairnsdale

Independent Auditor's Report

To the Councillors of East Gippsland Shire Council

Opinion	I have audited the financial report of East Gippsland Shire Council (the council) which comprises the: • balance sheet as at 30 June 2017 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including a summary of significant accounting policies • certification of the financial statements. In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the financial report	The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

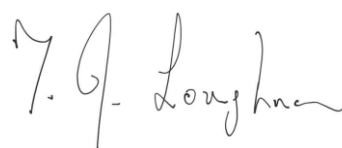
**Auditor's
responsibilities
for the audit
of the financial
report**

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

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

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

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



MELBOURNE
19 September 2017

Tim Loughnan
as delegate for the Auditor-General of Victoria

East Gippsland Shire Council

Performance Statement

For the year ended 30 June 2017

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 45,426 residents (as at June 30, 2017). According to the 2016 census, East Gippsland has a high proportion of low-income households (26.9%) 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 2017

<i>Indicator/measure</i>	Results 2015	Results 2016	Results 2017	Material Variations and Comments
Population				
C1 <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,972.79	\$1,982.41	\$2,018.63	No material variations.
C2 <i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$17,497.21	\$17,539.36	\$17,607.72	No material variations.
C3 <i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	14.88	14.90	15.10	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	\$1,562.73	No material variations.
Recurrent grants				
C5 <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$557.46	\$323.83	\$605.59	The advance payment of \$7.26 million of the Victoria Grants Commission 2017-18 allocation received in the 2016-17 year has impacted on the 2016-17 result due to recurrent grants for 2016-17 being increased by that amount.
Disadvantage				
C6 <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	3.00	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 2017

	Service/indicator/measure	Results 2015	Results 2016	Results 2017	Material Variations and Comments
AF6	Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	7.92	6.45	8.12	Council introduced automated people-counting technology at both of its indoor recreation centres from 1 January 2017. This has seen an increase in the overall attendance and removed some of the manual counting processes which were used in previous years.
AM4	Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0.00	0.00	1.00	Council has undertaken one animal management prosecution in this period, which was successful.
FS4	Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	0.00%	100.00%	100.00%	East Gippsland Shire follows up all non-compliances within the appropriate time frames.
G5	Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	53.00	49.00	50.00	The level of community satisfaction with Council decision-making increased by one index point for 2017. Our survey results indicate that residents aged 50 to 64 years are generally more critical of Council, compared with other resident segments. Residents in the 18-34 year old age group are more favourable about Council. Council is conducting further reviews of the survey data and additional consultation 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 2017

	Service/indicator/measure	Results 2015	Results 2016	Results 2017	Material Variations and Comments
LB4	Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x100	18.40%	22.33%	21.35%	Trends are indicating that less people are borrowing library materials due to use of the Internet and eResources. Our active members have decreased by 4% this financial year. Although an increase in collection usage shows that those using the library are borrowing more items than last year.
R5	Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	46.00	46.00	46.00	No material variations.
SP4	Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	50.00%	33.33%	50.00%	Council planning officers have been mindful to ensure decision-making is consistent with appropriate planning outcomes. More Council decisions were upheld at VCAT than in the previous reporting period.
WC5	Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	54.73%	54.08%	53.01%	The volume of organic waste that is diverted from landfill varies with the change of season and amount of rain within the season. This in turn impacts on amount and weight of green waste which is why this figure shows a negative movement this financial year.

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2017

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 2017

Dimension/ <i>indicator</i> /measure	Results	Results	Results	Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	
Efficiency								
Revenue level								
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,448.01	\$1,522.33	\$1,582.84	\$1,613.76	\$1,645.48	\$1,677.97	\$1,711.27	No material variations.
Expenditure level								
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,806.40	\$2,698.38	\$2,836.05	\$2,772.82	\$2,741.98	\$2,740.00	\$2,765.86	Expenses were increased as a result of the write off of a number of infrastructure assets that were deemed to be non-capital or handed back to Vic Roads control.
Workforce turnover								
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.38%	13.99%	15.28%	0.00%	0.00%	0.00%	0.00%	The turnover figure for 2016-17 has increased from the previous year due to several planned departures, including retirements and role redundancies (20 staff, 37% of total turnover).
Liquidity								
Working capital								
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	227.67%	187.98%	304.42%	183.84%	197.22%	202.59%	166.49%	Council received an advance payment of \$7.26 million of the 2017-18 Victoria Grants Commission allocation in the 2016-17 year. This increased cash at year end and accounts for this variance.
Unrestricted cash								
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	50.71%	32.62%	62.45%	118.61%	120.59%	116.95%	96.61%	The advance payment of 50% of the 17-18 Grants Commission allocation has significantly increased the unrestricted cash held at year end.

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2017

Dimension/ <i>indicator</i> /measure	Results	Results	Results	Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	
Obligations								
Asset renewal								
<i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	129.53%	99.66%	89.95%	92.90%	105.43%	111.03%	113.29%	A number of renewal projects were incomplete at year end and are accounted for in the Works in Progress total at year end. These projects will not be capitalised until the 2017-18 year.
Loans and borrowings								
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	20.00%	16.55%	12.57%	10.93%	7.31%	5.85%	5.69%	Council continues to repay loans and no new borrowings have been taken up or planned to be taken up.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	5.04%	3.70%	4.49%	2.07%	4.08%	1.79%	0.49%	As a result of the loan repayment plan this will vary from year to year whilst Council repays loans with bulk principal repayments being made in specific years only.
Indebtedness								
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	29.87%	27.82%	25.48%	14.33%	13.94%	11.51%	5.46%	As landfill rehabilitation works are undertaken and planned, the provision for non-current landfill rehabilitation will move from year to year.
Operating position								
Adjusted underlying result								
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	3.62%	-6.31%	7.25%	-0.68%	5.72%	4.20%	5.12%	The advance payment of \$7.26 million of the Victoria Grants Commission 2017-18 allocation received in the 2016-17 year has positively impacted on the 2016-17 result and will have a negative impact on the 2017-18 result.

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2017

Dimension/ <i>indicator</i> /measure	Results	Results	Results	Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	
Stability								
<i>Rates concentration</i>								
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	53.84%	64.47%	54.25%	62.70%	60.40%	62.51%	62.42%	The advance payment of \$7.26 million of the Victoria Grants Commission 2017/18 allocation received in the 2016-17 year has impacted on the 2016/17 result due to the income recorded for 16-17 being increased by that amount. This impacts on the ratio for 2017-18 year also and then it is expected that the 2018-19 year will return to a full year of grants commission allocation.
<i>Rates effort</i>								
<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%	0.59%	0.60%	

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

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2017

"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 2017

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 2017

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: 18/09/2017

In our opinion, the accompanying performance statement of the East Gippsland Shire Council for the year ended 30 June 2017 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.

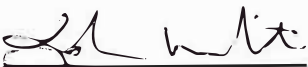
At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

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.



Joe Rettino
Councillor

Dated: 18/09/2017



John White
Councillor

Dated: 18/09/2017



Gary Gaffney
Chief Executive Officer

Dated: 18/09/2017

Independent Auditor's Report

To the Councillors of East Gippsland Shire Council

Opinion	I have audited the accompanying performance statement of East Gippsland Shire Council (the council) which comprises the: • description of municipality for the year ended 30 June 2017 • sustainable capacity indicators for the year ended 30 June 2017 • service performance indicators for the year ended 30 June 2017 • financial performance indicators for the year ended 30 June 2017 • other information and • the certification of the performance statement. In my opinion, the performance statement of East Gippsland Shire Council in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.
Basis for Opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the <i>Auditor's responsibilities for the audit of the performance statement</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the performance statement	The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.

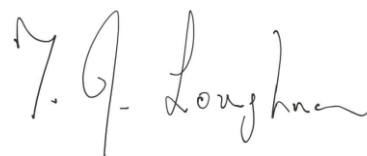
**Auditor's
responsibilities for the
audit of the
performance
statement**

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

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

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

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



MELBOURNE
19 September 2017

Tim Loughnan
as delegate for the Auditor-General of Victoria

Glossary

Actual 2016-17	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 Strategy	Establish where we want to be for each of Council's commitments. 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

Business Centre
34 Pyke 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

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.

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