

Annual Report

2017-18



Cover:

John Armit's work to beautify the entrance to Swifts Creek was recognised with a commemorative sign in 2018. Pictured are John's children Penny Barry, Bill Armit and Sally Meggitt unveiling the sign.

The event coincided with East Gippsland Shire Council's first Council Meeting in the High Country since amalgamation in 1994.

Annual Report 2017-18

East Gippsland Shire Council is committed to transparent reporting and accountability to its community. The 2017-18 Annual Report details Council's activities, achievements, challenges and financial performance during the financial year.

It also informs the community on how the commitments in the Council Plan 2017-2021 and the 2017-18 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 2017 to 30 June 2018.

REPORTING FRAMEWORK

The Council Plan 2017-2021 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 is the first year Council has reported against this plan.

WHERE TO FIND A COPY

You can view a printed copy of the full Annual Report at any of our Customer Service Centres, or 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 2017-18

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 17)

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

4. OUR ORGANISATION (FROM PAGE 25)

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

5. OUR PERFORMANCE (FROM PAGE 40)

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 111)

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

7. FINANCIAL PERFORMANCE (FROM PAGE 137)

This section shows how Council performed financially from 1 July 2017 to 30 June 2018. It also shows the overall financial position of Council as at 30 June 2018.

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.

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Section two: The Year in Review

Message from the Mayor and Chief Executive Officer



There's so much more to Local Government than just roads, rates and rubbish and this Annual Report is proof of that.

East Gippsland Shire Council provides over 100 services to over 40 individual communities across a geographic area which covers 10% of the entire state of Victoria.

Our Council Plan 2017-2021 was adopted by Council in June 2017 and sets Council's priorities and direction over four years.

Following extensive public consultation and stakeholder engagement, the Plan consists of three key themes for the region: Strong Communities, A Liveable Region, A Growing Regional Area. These are underpinned by two themes that guide how we will work to achieve this through Good Governance and Responsive Services.

The Council Plan is reviewed and updated annually after consultation with the community, councillors and staff to ensure we continue to deliver the most appropriate community services and projects.

The Revised Council Plan 2017-2021 was adopted at a Special Council Meeting on 26 June 2018.

As well as being a service provider, we are also one of East Gippsland's largest employers. We continue to invest in development, leadership and wellbeing programs for our staff members. We would like to thank all staff members for continuing to achieve Council's objectives and serve the East Gippsland community.

We encourage you to read through our annual report and celebrate the successes and challenges with us during the reporting period.

Our organisation and our valued staff look forward to continuing to implement Council's vision:

To make East Gippsland the most liveable region in Australia.

A place of natural beauty, enviable lifestyles, and opportunities!

Cr Joe Rettino
Mayor

Gary Gaffney
Chief Executive Officer

Mayor's Footnote

On behalf of current and former Councillors, I wish to acknowledge the contribution of the Chief Executive Officer Gary Gaffney who has led the organisation since 2014. This will be Gary's final Annual Report, with his contract due to finish in November 2018. We thank him for his leadership and guidance during this period and extend our best wishes to Gary and his family for the future.

Summary of financial performance

The summary of financial performance provides an overview of how Council has performed financially in 2017-18. The 2017-18 Long-term Financial Plan focused on improving Council's financial position, ensuring its long term financial sustainability.

Financial Snapshot

- \$103.3 million revenue against a budgeted \$94.3 million
- Rates and Charges comprised \$54.9 million (53.1%) of the total operating revenue
- \$88.1 million expenditure against a budgeted \$87.1 million
- Operating surplus of \$15.124 million (budget \$7.266 million)
- \$22.344 million Capital Works program delivered against a budgeted \$35.561 million
- Cash holdings and other financial assets increased by \$13 million from \$40.5 million in 2016-17 to \$53.5 million in 2017-18
- Net debt decreased by \$680,000 from \$6.609 million in 2016-17 to \$5.929 million in 2017-18

Council focuses on three key areas of financial performance as a guide to how sustainable our Council is.

These three 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 2017-18 is 71.86%. Although the planned asset renewal was less than the 100% target as a result of some projects not being completed within the financial year, the renewal percentage forecast for the 2018-19 year is significantly greater than the 100% target as these incomplete projects will add to the renewal spend in the 2018-19 financial year.

Cash holdings

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

Debt Levels

No new borrowings were taken up during the year and borrowings totalled \$5.929 million as at 30 June 2018.

The financial highlights provide an overview of Council's financial performance for the 2017-18 year.

Whilst there have been many challenges, including rate capping imposed by the state government, the operating result is pleasing, taking into account that the advance payment of \$7.5 million of the 2018-19 Financial Assistance Grant was received in the 2017-18 year.

Council's operating results

Council achieved an operating surplus of \$15.124 million this year compared to a \$12.157 million surplus in 2016-17. This is greater than last year's result by \$2.967 million and \$7.858 million greater than the \$7.266 million operating surplus forecast in the 2017-18 Annual Budget.

The operating surplus in 2017-18 though includes unbudgeted income of \$7.580 million for an advance payment of the 2018-19 Financial Assistance Grant. Without this advance payment, the operating surplus for the year would have been \$7.544 million which is \$278,000 greater than the budgeted result.

An increase in capital grants over the budget of \$1.9 million increased the income for the year and this added to the advance Financial Assistance Grant of \$7.5 million, offset by non-monetary contributions that were less than budget by \$1.5 million, account for the surplus result exceeding the budget by \$7.9 million.

While the operating surplus represents an overall good result, an important indicator of financial sustainability is the Underlying Result, which removes all non-recurrent capital income to show the true operating position.

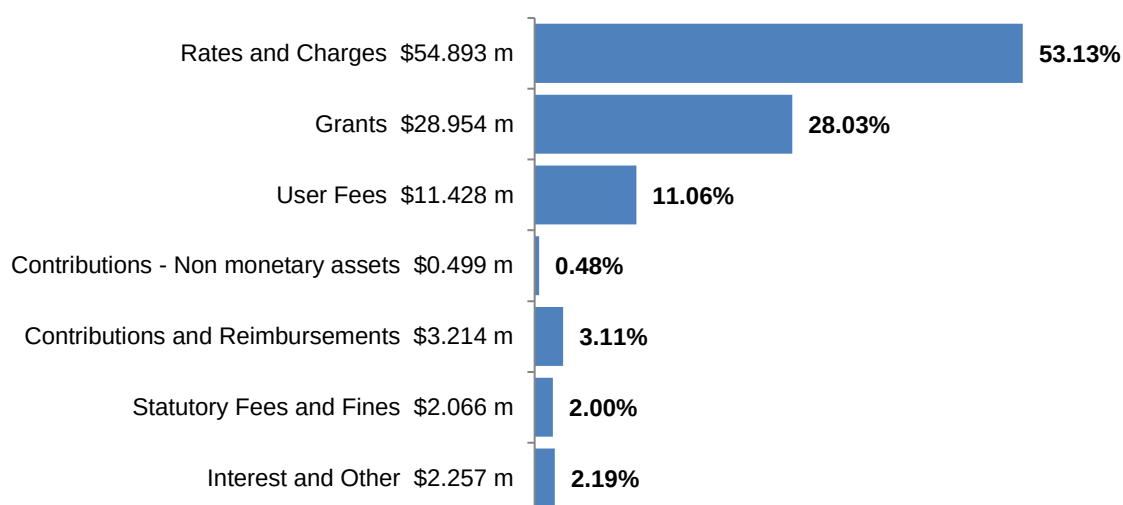
An underlying surplus indicates that all operational expenditure including depreciation and amortisation has been fully funded.

Council recorded an underlying surplus of \$6.7 million this year compared to \$7.0 million last year. The advance Financial Assistance Grant payment of \$7.5 million added to the result for 2017-18 year.

Income

This year's operating income totalled \$103.3 million; \$8.9 million greater than budget. This was mainly due to the advance payment of \$7.5 million of the 2018-19 Financial Assistance Grant being received in 2017-18 and additional capital grant funding of \$1.9 million, offset by \$1.5 million less being received for non-monetary contributed assets.

The graph below shows the breakdown of Council's income in 2017-18:



Rates and Charges

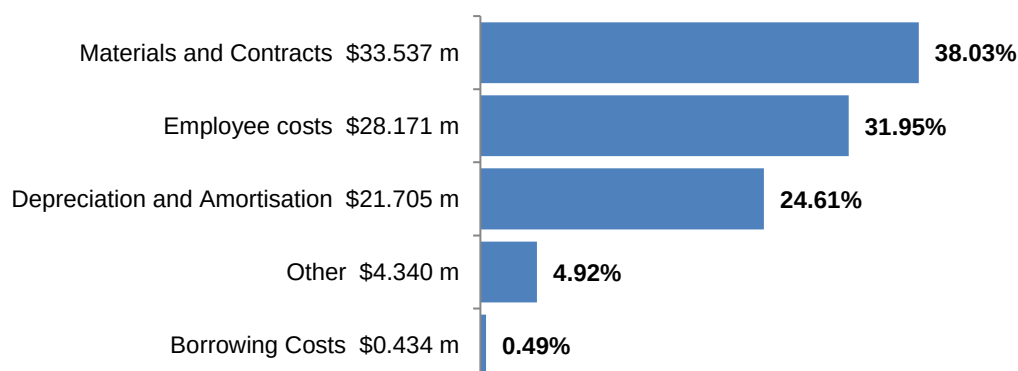
Rates and charges income was \$54.893 million this year. As a percentage of total income this is 53.1%, compared with 51.8% in the previous year.

Other revenue sources

Grant funding was \$28.9 million this financial year and accounted for 28.03% of total income, compared to 29.1% last year. The percentage of total income from grants has been impacted in 2017-18 mainly resulting from the advance payment of \$7.5 million of the 2018-19 Financial Assistance Grant in the 2017-18 year and additional capital grants of \$1.8 million over the budgeted amount.

User fees accounted for 11.06% of total income compared to 10.7% in the previous year. The percentage of total income derived from fees and charges is primarily the result of the increase in fees and charges set for the 2017-18 year.

The graph below shows the breakdown of Council's operating expenditure in 2017-18:



Operating expenditure

Over 95% of our operating costs occur in the following three categories:

- Employee expenses 32%
- Materials and services 38%
- Depreciation 25%

This year's operating expenditure totalled \$88.187 million; \$1.089 million greater than forecast in the budget. Materials and services were less than budget by \$1.3 million and depreciation and amortisation expenses were \$1.5 million less than budget.

This was offset by the net loss of \$2.685 million for adjustments to property, plant and equipment for assets written off. Employee costs also exceeded budget by \$0.746 million as a result of less employee costs being capitalised than had been forecast due to the delay in completing some major capital projects as well as additional employee costs for some new grant funded programs. An increase in the provision for doubtful debts also saw this cost exceed budget by \$213,000.

Employee costs for the year were \$28.171 million compared to \$27.1 million in the previous year and accounted for 32% of total expenditure compared to the previous year of 30.2%. This was \$746,000 more than the budget as a result of additional employee costs being incurred for new grant funded programs that were not included in the adopted budget together with less capitalisation of wages than what was budgeted for the 2017-18 year.

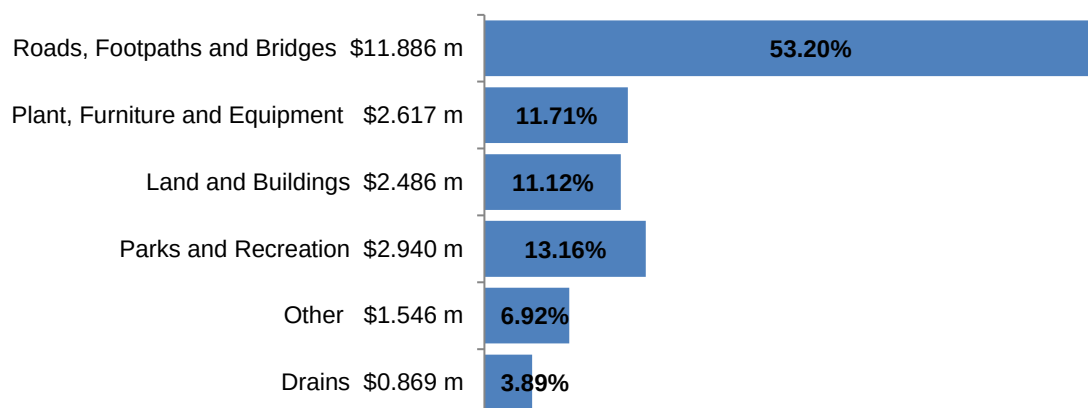
Materials and contracts expenditure was \$33.537 million this year, \$656,000 greater than last year and accounted for 38% of total operating expenditure compared to 32.8% in 2016-17. This was \$1.3 million less than the 2017-18 budget amount.

Depreciation and amortisation was \$21.7 million this year, \$1.2 million less than the previous year and accounted for 25% of total operating expenditure compared to the previous year of 25.5%. The impact of the revaluation of infrastructure assets and remaining useful lives of the assets accounted for this reduction in expenditure for 2017-18.

Capital expenditure

In addition to the operating expenditure, Council spends money on capital projects that benefit the community for many years. This year's capital expenditure totalled \$22.3 million, which was \$13.2 million less than budget. This was due to the timing of some projects that will not be completed until the 2018-19 year.

The graph below shows the major capital expenditure categories for the 2017-18 year:



Roads and bridges capital expenditure was \$11.886 million this year, \$290,000 less than last year, and accounted for 53.2% of total capital expenditure compared to 51.3% last year.

Land and buildings capital expenditure was \$2.486 million this year, \$1.5 million less than last year, and accounted for 11.1% of total capital expenditure compared to 16.5% last year.

Parks and recreation capital expenditure was \$2.940 million, \$1.1 million more than last year. It accounted for 13.1% of total capital expenditure compared to 7.5% last year.

Balance sheet

Council has maintained a healthy balance sheet this year. Net Assets were \$1,086 million as at 30 June 2018 compared to \$900 million last year. This is an increase of \$186 million. Of the increase, \$170.6 million relates to the increase in the fair value of property, plant and equipment that resulted from the revaluation of these assets in the 2017-18 year. The remaining increase is mainly due to the operating surplus of \$15.1 million.

Debt Levels

No new borrowings were taken up during the year. Borrowings totalled \$5.9 million as at 30 June 2018, \$680,000 less than last year.

Council borrowings as at 30 June 2018 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 0.49% of Council's total expenditure, slightly less than the previous year.

Cash and Cash Equivalents and Other Financial Assets

Cash holdings totalled \$27.2 million as at 30 June 2018; this was \$3.4 million less than last year. Other financial assets, which include term deposits invested for greater than 90 days that will mature in July 2018, totalled \$26.2 million as at 30 June 2018 compared to \$9.7 million at 30 June 2017. This is an increase of \$16.5 million as at 30 June 2018.

The future

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

The introduction of rate capping for all Victorian councils from the 2016-17 financial year saw a 2.0% cap on increases to rates and charges for the 2017-18 year. The rate cap for the 2018-19 year was set at 2.25% and Council was able to address this in the 2018-19 Budget, with a Long Term Financial Plan that will continue to maintain its cash reserves at a prudent level providing Council with financial flexibility.

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

For further information on Council's financial performance refer to page 137.

2017-18 Calendar of events

Council worked proactively to attract a number of new events into the region in 2017-18 and support a vast array of existing events.

Council, through its Economic Development Events Unit, continued to coordinate and support approximately 226 events and provided advice which eventually led to 104 event permits being issued.

The Regional and District Events Sponsorship (RADES) was again very successful with 27 grants awarded through the program along with additional sponsorship and support for attracting 12 new events to the region.

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

The Events Unit also presented the Lakes Entrance Foreshore Carnival during the summer holidays.

Council also coordinated three successful events:

- Barry Sheene Tribute Ride in October 2017 - over 350 riders made their way from Bairnsdale to Phillip Island for the Motorcycle Grand Prix.
- Paynesville Food Van Fiesta held over Easter – over 7000 people attended the foreshore to enjoy activities including community markets, food vans, outdoor movie and entertainment.
- Rural Councils Victoria's Rural (RCV) Summit in May 2018 - In total 124 people attended the event representing local, state and federal government, business and community organisations. The summit featured an engaging program of keynote presentations and panel discussions that explored the theme of Liveability – Victoria's Back Yard.

Event	Dates	Supported by Council
July 2017		
Twin Rivers Fishing Classic	15-16	
August 2017		
Austin Healey Club Car Display	27	
September 2017		
Australian Tarmac Championship - Snowy River Sprint	23-24	
October 2017		
Tennis Victoria Junior Tour Event	2-4	Sponsorship*
Barry Sheene Tribute Ride	19-20	Sponsorship*
Tour of Gippsland	21	RADES
Victorian Men's and Women's Senior Amateur Golf Championship	23-25	Sponsorship*
November 2017		
Omeo High Country RV Muster	10-12	RADES
Australian Outrigger Canoe National Championships	24-26	RADES*
Atomic Vic Bream Classics Grand Final	25-26	RADES
RACV Great Victorian Bike Ride	29 Nov – 3 Dec	RADES and sponsorship*
December 2017		
Alpine Rally of East Gippsland	1-3	RADES
East Gippsland Adventure Challenge	2-3	RADES*

Event	Dates	Supported by Council
56th International Cadet Australian Championships Yacht Race	27 Dec – 4 Jan	RADES*
Metung Family Friendly Film Nights (Outdoor Cinema)	27 Dec – 16 Jan	RADES
SkyFest New Year's Eve Family Festival	31	RADES
January 2018		
Prince Philip Cup Yacht Race	7-13	RADES*
Mountain Cattleman's Association of Victoria Omeo Get Together	12-14	Sponsorship*
Netball Victoria Beach Netball Competition	20-21	RADES
Australia Day wood chop competition and fireworks	25	RADES
Australia Day events	26	Sponsorship
February 2018		
X-TERRA East Gippsland	10	RADES*
Bairnsdale Field and Game Association Riviera Classic	10-11	RADES
Week of Bowls Carnival	12-16	RADES
Bruthen Blues and Arts Festival	16-18	
Cycling Victoria Tour of East Gippsland	17-18	Sponsorship*
Paynesville Music Festival	24-25	
March 2018		
Paynesville Classic Boat Rally	2-4	RADES
Frouteville	3	RADES
Hooked On Lakes Entrance	11	RADES

Event	Dates	Supported by Council
Tambo Valley Producers Dinner	12	RADES
Paynesville Food Van Fiesta	31	RADES
April 2018		
Anzac Day Bairnsdale	25	Sponsorship
X-Marathon Adventure Race	14-16	RADES*
East Gippsland Field Days	28-29	RADES
May 2018		
Victorian Game Fishing Tournament	16 May – 17 June	Sponsorship*
Gippsland Lakes Paddle Challenge	5	
June 2018		
Lakes Country Cruise	10	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 western 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

East Gippsland's population is 46,142 (*Australian Bureau of Statistics 2017*). Our population is concentrated around the Gippsland Lakes in the south-west with somewhat sparsely settled areas elsewhere.

Bairnsdale and surrounds is the region's major commercial and service centre with a population of 16,979.

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

Our diversity

East Gippsland offers a strong competitive advantage with its diverse population and industry profile, growing economy and stable labour force.

East Gippsland's agribusiness and food manufacturing through horticulture continue to be driving forces 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 has particularly benefited in the past year from strong demand for beef from both the global and domestic markets. 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 helped by regional housing affordability compared to metropolitan living. Potential mining ventures proposed for the region are anticipated to further diversify the 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 sector.

East Gippsland's ageing population creates 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 1,313,000 visitors coming to the region from January to December 2017. This is an increase of nine per cent on the previous year.

Council is seeking to further promote and enhance opportunities for visitors in a variety of markets.

QUICK FACTS:

- \$2.291 billion total estimated gross regional product for East Gippsland for May 2018 up from the previous year's figure of \$2.034 billion.
- 10,020 registered businesses as at May 2018, an increase of 921 businesses since February 2017.

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 2017-18:

- 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 Mark Reeves (Deputy Mayor)

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



Cr Ben Buckley

*At the time of publication, Cr Buckley was suspended from Council.
Please contact Council for Cr Buckley's details.*

Cr Buckley served as a member of the following Advisory Committees and Working Groups in 2017-18:

- Livestock Exchange Consultative Committee



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 2017-18:

- 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 – Environment Committee
- Municipal Association of Victoria – Planning Committee
- Municipal Association of Victoria – Professional Development Reference Group
- National Timber Councils Association
- Rail Freight Alliance



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 2017-18:

- Economic Development Advisory Board

Cr O'Connell was a Council representative to the following external organisations:

- Rural Councils Victoria



Cr Marianne Pelz

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

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

- Gippsland Local Government Network
- South East Australian Transport Strategy Inc
- Rail Freight Alliance
- Municipal Association of Victoria – Transport and Infrastructure Committee
- Rural Councils Victoria
- National Timber Councils Association



Cr Jackson Roberts

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

Cr Roberts was a Council 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 Colin Toohey

cr.toohey@egipps.vic.gov.au

Cr Toohey served as a member of the following Advisory Committees and Working Groups in 2017-18:

- 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 John White

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

Cr White served as a member of the following Advisory Committees and Working Groups in 2017-18:

- 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

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 presented two letters under seal of Council in 2017-18. A letter was presented to the family of the late John Rudge recognising his commitment to public life and service to Mallacoota.

A letter was presented to the family of the late David Treasure recognising his commitment to public life and custodian of the culture and heritage of mountain cattlemen.

Awards and recognition

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

Australia Day awards

Council recognised the major contribution of individuals to the community through the Australia Day awards presented on 23 January 2018. The recipients of the awards were:

Citizen of the Year Award

Gerry Ciaveralla

Young Citizen of the Year Award

Aislin Jones and Jack Peterson

Community Event of the Year Award

Mallacoota Winter 'Saltstice' Youth Festival – Tom Nation and Mali Hodson

Citizenship

Council welcomed 31 residents as new Australian Citizens. Three citizenship ceremonies were hosted by Council in 2017-18.

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 2017-18:

Date		Civic Event
2017		
3 July		NAIDOC Week launch and flag raising ceremony
7 December		Opening of Luderick Point Boat Ramp, Bemm River
2018		
23 January		Australia Day Awards ceremony
15 May		Official opening of Lindenow-Glenaladale Road Bridge
29 May		Launch of cultural awareness video - 'Our Commitment to Reconciliation'

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.

Kate Nelson

Director Community and Strategic Development

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

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

From 1 July 2018, Council's strategic land use planning function moved to the Development Directorate. The Community and Strategic Development Directorate was renamed to Community Strategy Directorate.

Maryanne Bennett**Director Corporate**

Australian Institute of Company Directors, Diploma of Management

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

In her current role, she is responsible for the provision of administration services across a range of organisational areas including Finance, Information Services, Organisation Development and Administration.

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 implemented a new Directorate structure that will drive improved delivery of Council's Capital Works program.

After 13 years with Council, Chris resigned in September 2018 to take up another opportunity locally.

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

Administration
Services

Information
Services



Director Development

Paul Holton

Recreation Facilities

Statutory Services

Economic
Development



Director Operations

Chris Waites

Waste and
Resource
Recovery

Works

Project Office

Senior Officers

As at 30 June 2018, Senior Officers as designated under the *Local Government Act 1989* were Gary Gaffney, Kate Nelson, Maryanne Bennett, Chris Waites, Paul Holton, Executive Manager Finance Liz Collins, and Manager Communications and Corporate Strategy David Radford.

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 2017-18 were 316.23, including casuals.

Year	Total staff	FTE staff
2017-18	497	316.23
2016-17	458	317.16
2015-16	472	301.08
2014-15	474	305.42
2013-14	529	351.60

Total staff numbers by salary band and gender

Employment classification	Total FTE	Female FTE	Male FTE
Band 1	5.21	2.4	2.81
Band 2	7.62	3.47	4.15
Band 3	72.69	20.36	52.33
Band 4	65.81	46.16	19.65
Band 5	58.92	45.12	13.8
Band 6	51.08	26.8	24.28
Band 7	31.99	13.91	18.08
Band 8	5.59	2	3.59
Senior Executive Officer / Senior Officer	17.32	7.32	10
Total	316.23	166.54 (52.7%)	149.69 (47.3%)

Job level by gender

Job level	Total	Female	Male
Director	4	2	2
Manager	11	5	6
Coordinator	26.7	12.7	14
All other staff	274.53	146.84	127.69
Total	316.23	166.54	149.69

Salary range of contract staff

Contract staff (Directors)		
		Salary Range (total remuneration package)
	1	\$195,001 - \$200,000
	1	\$200,001 - \$210,000
	2	\$210,001 - \$217,000
Total	4	

Staff numbers by directorate

The full-time equivalent (FTE) staff numbers for each directorate as at 30 June 2018 are:

Work type/ gender FTE	Office of the CEO	Community & Strategic Development	Corporate	Development	Operations	Total
Full time – Female	2	21	31	24	14	92
Full time – Male	4	9	9	29	71	122
Part time – Female	1.8	27.11	6.8	19.57	2.68	57.96
Part time – Male	0	1.4	0	6.25	11.18	18.83
Casual – Female	0	2.22	0.32	13.98	0.06	16.58
Casual – Male	0	0.66	0.28	6.15	1.77	8.86
Total	7.8	61.39	47.40	98.95	100.69	316.23

Length of service profile

Length of service	Number of staff	Percentage of staff
Less than 1 year	73	14.7%
1 to 5 years	215	43.3%
6 to 10 years	137	27.5%
11 to 20 years	58	11.7%
21+ years	14	2.8%
Total	497	100%

Organisational 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 2017-18, 12 Peer Award nominations and 19 Management Award nominations were made, comprising individual and some team nominations. Of these, five Peer Awards were presented and six Management Awards were presented at the annual Staff Achievement and Recognition event held in August.

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 200 cards have been handed out over the past 12 months.

ACHIEVEMENTS

- Negotiated our Enterprise Agreement No 5 for staff, which included a number of new clauses around leave provisions and phased retirement.
- Transitioned to an electronic recruitment system, which has saved officers hours of time to administer our recruitment process and made it easier for applicants to apply for vacant roles.
- Developed a Cultural Awareness induction program, incorporating Council's commitment to reconciliation, and received a Special Commendation in the HART awards for our video "Our Commitment to Reconciliation".
- Transitioned to a new self-insurance scheme (MAV WorkCare).
- A new electronic incident reporting portal is being used on a regular basis and new hazard cards have been distributed throughout the organisation to enable easy reporting of workplace hazards.
- Three Listen, Learn and Lead Gender Equity workshops were run with the Chief Executive Officer and staff. A Listen, Learn and Lead Gender Equity action plan was completed.

LOOKING FORWARD

- Complete and adopt a Digital Strategy.
- Implement an electronic Onboarding process and an electronic Learning Management System.
- Develop a project plan to proactively manage our ageing workforce.
- Implement the MAV Workcare OHS program.
- Finalise testing and rollout a new Business Continuity Plan.

Learning and Development

Staff attended a number of courses during 2017-18. The larger courses are detailed below:

Course	Number of attendees
Leadership Refresher (half day workshop)	73
Impressive Leadership (2-day workshop)	15
Creating a Positive Culture	46
Strategic Injury Management	44
Understanding Mental Health for Managers	41
Change Management	35
Participation, Engagement and Human Rights Workshop	33
Council Report Writing Workshop	31
Drone Information Session (Internal)	22
Aboriginal Mentor Training	10
OHS and Operational training	
Provide First Aid	38
CPR	17
Lifeguard Course	38
Driver Awareness Training	36
Situational Awareness	29
Tree Pruning Technique Course	29
Observe Environmental Work Practices	20
Traffic Management and Control	19
Spotters Course	15
Certificate II in ESI (Safe Approach Distances) - Refresher	14
AgVet Chemical Users Course	14

Cost of learning and development activities

During the 2017-18 year, Council spent more than \$170,000 on educating and developing staff, or approximately \$504 per staff member.

The major areas of focus were:

Course	Cost \$
Impressive Leadership and Creating a Positive Culture	13,026
Strategic Injury Management	9,000
Understanding Mental Health for Managers	14,400
First Aid / CPR / Lifeguard Training	10,836
Change Management	10,500
Situational Awareness	2,900
Council Report Writing Workshop	4,860
Spotter	3,750
AgVet Chemical Users Course	4,867
Cert II in ESI (Safe Approach Distances) - Refresher	4,400
Traffic Management	4,968
Other Corporate Personal Development	9,716
Occupational Health and Safety Training	4,253
Business Unit Specific Training	78,854
Total	176,330

Workplace Health and Safety

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 2017-18:

- 42 incidents were reported; 12 of which resulted in WorkCover claims.
- Of the WorkCover claims lodged, 11 resulted in lost time.
- WorkCover claims as a percentage of staff was 2.4% compared to 2.6% in 2016-17, 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 people 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 employee. 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 delivering programs in our libraries, and assist in staging community events.

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

Community groups and committees

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:

- Funding to service providers to deliver Home and Community Care Programs.
- Delivery of over 29 free information seminars for older residents, including Broadband for Seniors, Tech Savvy Seniors, and older driver road safety workshops to enhance and support positive ageing.
- Provide information and advocacy.
- Provided information to assist the community to prepare for the National Disability Insurance Scheme.
- Funding and support to Senior Citizen's Clubs to strengthen and build their capacity to be more inclusive and accessible.

Young people getting involved

A number of programs are offered to young people aged 12 to 25 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.
- Council's 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, 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.

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

- Council's Diversity, Access and Social Inclusion Plan 2014-2017.
- 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 Council 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.

While education and employment continues to be a high priority, supporting the community to prepare for the roll out of the National Disability Insurance Scheme has been key focus throughout the year.

Some of the initiatives and achievements carried out include:

- an Inclusive Employment Project
- Inclusive Employment Breakfast
- Community NDIS Readiness Project
- Accessible Communication Project
- Scooter Recharge Project
- Bringing the 'Vicky Bus' to the Youth Week Colour Fest
- Social Inclusion Week celebrations and events
- Inclusive activities in Children's Week celebrations
- Partnerships to improve access to the built environment
- Older Driver Road Safety Sessions
- Recruitment of the current Disability Advisory Committee
- All of Us cultural development portrait project

Preventing violence against women

The 'Prevention of Violence Against Women' partnership works primarily through promoting gender equity and building respectful and safe relationships and breaking down stereotypes of women. This prevention approach is consistent with Council's health and wellbeing planning approach.

Council's Enterprise Agreement recognises that family violence is a serious issue in our society generally, and in our communities, and that Council can play a role in supporting staff experiencing family violence.

Council offers the following support specifically for family violence victims:

- reasonable additional paid leave if needed;
- flexible work arrangements; and
- covering costs associated with accessing support services.

Council completed a 13-week 'Listen, Learn, Lead' program which facilitated an inward view on gender equity and diversity in the organisation.

The structured program enabled discussions between the Chief Executive Officer and staff on gender equity. The program's aim is to develop strategies to improve outcomes for women in leadership positions in council by:

- encouraging a deeper level of insight into the barriers to gender equality that need to be tackled in Council;
- informing the development or enhancement of Council's gender equity actions; and
- sharing insights and identifying opportunities for sector-wide action where a combined effort will have greater impact.

Council has also participated at a regional and sub-regional level as a member of the Gippsland Prevention of Men's Violence Against Women Steering Committee, and East Gippsland Partners in Violence Prevention. A range of projects and shared initiatives have been delivered through the year, such as:

- One Million Stars to End Violence
- Make the Link project during 16 Days of Activism
- White Ribbon Day breakfast
- Promotion of the Gender Equality Matters project



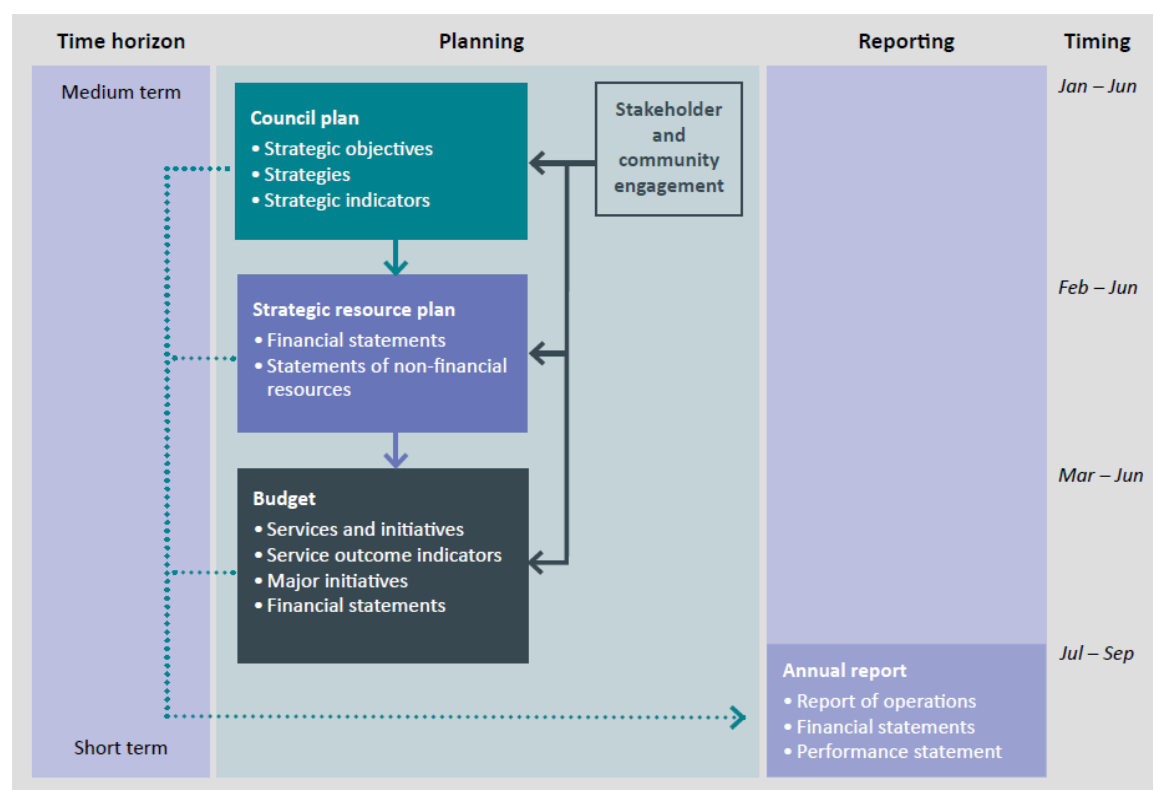
Section five: Our Performance (Council Plan)

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; and
- An annual report each financial year.

This 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 2017-21 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.

Strong communities		East Gippsland has strong communities that are inclusive, healthy, safe and resilient. We treasure and celebrate the unique character and identity of the places we live and are proud to call East Gippsland home.	
East Gippsland has connected, inclusive and vibrant communities.	East Gippsland communities plan for their future.	East Gippslanders enjoy healthy lifestyles.	East Gippsland has safe, resilient communities.
Increase people's skills and capabilities to participate in their community and make a difference.	Increase community participation in engagement activities to plan for their future by 10 per cent by 2019.	Use evidence to drive future work across agencies that delivers better health and wellbeing outcomes for the community.	Increase community preparedness for before, during and after emergencies in all high-risk communities by 2020.
A liveable region		Our lifestyles are enviable. Council provides services and infrastructure that supports residents and visitors at every stage of life. East Gippsland is the regional area people choose to live, work and play in.	
East Gippsland has safe, accessible and well utilised open spaces and built environments that reflect the priorities of our community.		Sustainable planning and growth supports thriving townships, while maintaining our commitment to sustainability and protecting our natural environment.	
By 2021, decrease the infrastructure renewal gap through increased expenditure on renewal projects.		Reduce Council's energy use and greenhouse gas emissions by 2021.	
Maintain and extend built infrastructure that meets community needs and supports their work, leisure, lifestyle and connectedness.		By 2030, East Gippsland will reduce waste to landfills by 20 per cent.	
		Ensure land use growth respects the unique characteristics, environment and priorities of our towns.	
		Ensure no loss of significant landscape, natural character and environmental priorities of our towns.	

A growing region of opportunities

East Gippsland is a region of economic opportunity with strong industry sectors, a skilled workforce and local jobs.

East Gippsland is a region of economic opportunity with strong industry sectors, a skilled workforce and local jobs.

East Gippsland is Australia's number one adventure destination. We offer unforgettable tourism experiences for people of all interests, ages and abilities.

By 2021, increase funding for the production and export of commodities.

The number of people visiting East Gippsland to participate in adventure tourism and events will have increased by 10 per cent by 2021.

Increase the number of new and emerging businesses in the region by 2021.

Support an increase in the workforce participation rate from current rate of 54.3 per cent.

We will achieve this by being a leading local government that works together with our communities to make East Gippsland the most liveable region in Australia.

Good governance

East Gippsland Shire Council is inclusive, engaged and open. We provide leadership on issues affecting East Gippsland. Our relationships with other levels of government and partners deliver great outcomes for East Gippsland.

East Gippsland Shire Council is inclusive, engaged and open.

Our relationships with other levels of government and partners deliver great outcomes for East Gippslanders.

Council is in a strong financial position and can provide for future generations of East Gippslanders.

Increase transparency and awareness about council decisions, services and activities by 2021.

Increase funding to address critical regional issues by 5 per cent by 2021.

Council's overall financial sustainability is assessed as low risk by VAGO.

Responsive services

We are a leading local government service provider. Our services are driven by the needs of our communities, residents and visitors. We put the customer first and give each customer a great experience of Council's services.

East Gippsland Shire Council is a leading local government service provider.

We put the customer first and give each customer a great experience of Council's services.

East Gippsland Shire Council is a great place to work.

By 2021, establish, embed and measure an organisation-wide understanding of customer service levels and expectations.

Increase digital transactions by 50 per cent by 2020.

Increase the diversity of our workforce to reflect the diversity of our region by 2021.

The following pages document the performance, achievements and challenges of Council during 2017-18 in each of our areas of focus.

Council's performance for the 2017-18 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 goals in the Council Plan;
- Progress on the major initiatives identified in the 2017-18 Budget;
- Results against the prescribed service performance indicators and measures; and
- Services funded in the budget.

The following pages outline our performance in each area of focus: Strong communities, A liveable region, A growing region of opportunities, Good governance, and Responsive services.

Strong communities

East Gippsland has strong communities that are inclusive, healthy, safe and resilient. We treasure and celebrate the unique character and identity of the places we live and are proud to call East Gippsland home.

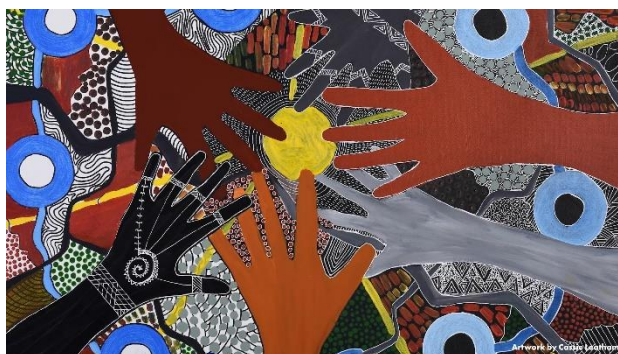
Goal 1.1: East Gippsland has connected, inclusive and vibrant communities.

Reconciliation Action Plan

A wide range of partnerships and actions have been undertaken to increase participation of the community through supporting the outcomes of the Plan. A thorough report on progress on the delivery of the action plan was presented to Council in December 2017. This report was widely shared throughout the community and a new Koorie Community page on Council's website was created to celebrate, share and communicate information such as this report, as well as opportunities, events, and news.

Council has been successful in partnering and creating opportunities for greater inclusion and recognition of our Aboriginal communities when planning programs and events. This includes increasing numbers to Krowathunkooloong Keeping Place (the Keeping Place) in Reconciliation and NAIDOC weeks, to effectively engaging with Aboriginal Elders to participate in the Seniors Festival, Reconciliation Week Boat Cruise, incorporating a Welcome to Country at public events and Acknowledgement to Country at meetings and the Flag Raising Ceremony at Council's Corporate Centre for the commencement of NAIDOC week. Free entry to the Keeping Place was offered to all East Gippsland kindergarten and primary school students between Reconciliation Week and NAIDOC week 2017, which saw over 500 children visit.

The culmination of strong working relationships resulted in the invitation to speak at the Local Aboriginal Network state-wide forum in November 2017 and present in partnership with the network about the value of partnerships between local government and Aboriginal services and communities.



Diversity Access and Social Inclusion Plan

A range of initiatives and strategies have been implemented to facilitate more inclusive practices with the intent of increasing participation by people of all ages, cultures and diverse backgrounds.

Council's Rural Access partnered with sector agencies to deliver a suite of information sessions and workshops for the community around preparing for the National Disability Insurance Scheme (NDIS). These sessions were well attended, exceeding expectations regarding level of engagement, demonstrating the demand for this information.

As a central partner of the East Gippsland Children with Additional Needs Working Group, Rural Access leads the East Gippsland NDIS Readiness Project which aims to inform and build the capacity of our communities to prepare for NDIS transition. A working group was formed in June 2017 to review community feedback and plan a coordinated approach to NDIS information and delivery. Stage one focused on partnerships, planning and supporting general NDIS information dissemination for the whole of community. Ensuring information was presented from reputable non-bias organisations was always a priority.

There was a focus on increasing network connections and developing a coordinated delivery approach across the shire and supporting the distribution of general NDIS information. Outcomes include:

- Provided venue and resources to facilitate the delivery of two information sessions presented by Victorian Advocacy League for Individuals with Disability (VALID) aimed at providing practical user-friendly information about the NDIS to the community and individuals. A total of 19 people attended the Orbost information forum and 123 people attended the Bairnsdale session;
- Developed an online survey that can be used for all East Gippsland NDIS information presentations and training to track community feedback and report to partners and key stakeholders;
- Developed an extensive email contact list for the sending of up-to-date, relevant, quality information regarding the NDIS transition and readiness opportunities;
- Developed and maintained a webpage to list NDIS information and training opportunities;
- VALID presented six NDIS planning workshops over five weeks, with 44 people attending the workshops in Bairnsdale, 20 people in Orbost, and 20 positions are being offered for workshops in Lakes Entrance July 2018; and
- Council provided an accessible venue for Vicdeaf to present a series of NDIS information and training sessions to the deaf community that commenced in April 2018 and will run through to December 2018. Eight people from the deaf community attended session one of the series.

Support the ageing population

Across East Gippsland, 29 free senior information/education seminars were delivered to enhance and support healthy and positive ageing, which included 12 community educators presenting to approximately 1,200 seniors, carers and families. East Gippsland libraries have also hosted 22 senior seminars at Bairnsdale, Paynesville and Orbost and seven seminars have been hosted by University of the Third Age Bairnsdale, Omeo Health Service and Mallacoota Neighbourhood House. In addition, the Pathways to Positive Ageing Expo was held in October 2017 and had 120 attendees.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Increase in library activity from the previous year

2013-14	2014-15	2015-16	2016-17	2017-18	Trend
257,341	346,766	344,325	362,537	365,301	▲

Comments:

This year saw another increase in library activity from the previous year. This includes the increase in people using the library online database and e-materials (from 20,100 in 2016-17 to 26,782 in 2017-18), although people attending the libraries has continued to decrease from 318,0536 in 2016-17 to 313,284 in 2017-18.

Number of people participating in library programs

2014-15	2015-16	2016-17	2017-18	Trend
10,873	11,060	10,505	14,975	▲

Comments:

An increase in programs available, changes to the scheduling and expanding more programs to our remotes sites has seen an increase in people participating in the library programs.

Percentage of people volunteering in East Gippsland

2006	2011	2016	Trend
27.1%	25.3%	24.8%	▼

Comments:

Although the percentage of the population is decreasing, the number of people volunteering increased by 549 between 2011 and 2016. Analysis of the voluntary work performed by the population in East Gippsland in 2016 compared to Victoria shows that there was a higher proportion of people who volunteered for an organisation or group. Overall, 24.8% of the population reported performing voluntary work, compared with 19.2% for Victoria.

(Source: Australian Bureau of Statistics, Census of Population and Housing, 2016 (Usual residence data)).



LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

The Victorian Government's compulsory service measures for all Councils that are relevant to this goal are shown below:

Indicator Measure	Results				Comments
	2014-15	2015-16	2016-17	2017-18	
Libraries					
Utilisation Library collection usage [Number of library collection item loans / Number of library collection items]	3.09	3.26	3.28	3.11	Usage of the library collection has decreased slightly this year. East Gippsland has six branch libraries and three mobile libraries to ensure we provide library access across our large shire base.
Resource standard Standard of library collection [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	52.87%	51.46%	55.77%	58.15%	There has been a concentrated effort on removing old stock which has resulted in an increase in the standard of the collection.
Service cost Cost of library service [Direct cost of the library service / Number of visits]	\$3.23	\$3.70	\$3.84	\$3.52	Due to staff vacancies the cost of the library service has decreased this year.
Participation Active library members [Number of active library / Municipal population] x 100	18.40%	22.33%	21.35%	20.13%	Active members have decreased slightly aligning with the slight decrease in collection usage.



COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget.

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Arts and Culture	This service provides a varied ongoing program of arts and cultural events that bring our communities together to celebrate our identity and generate ideas. It also provides funding and strategic advice to support the development of arts and culture in East Gippsland.	374 <u>363</u> (11)
Community Programs	Council's community programs provide support, assistance and information to the community at all stages of life. They also provide community facilities that enhance social and health outcomes and improve local neighbourhood amenity.	596 <u>657</u> 61
Library Services	Council provides public libraries and outreach services at six locations within the municipality including mobile library services to our more remote areas. Library services and programs are customer focused and aim to meet the learning and information needs of local communities. Libraries also provide 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.	1,006 <u>1,210</u> 204
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 people with a disability. Services include 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.	773 <u>687</u> (86)
Family and Youth Services	Council supports preschools, playgroups and early years programs. 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.	426 <u>462</u> 36



Goal 1.2: East Gippsland communities plan for their future.

Safe to school project

The Safe to Schools project stage one, funded by VicRoads, has been completed. The program was implemented across four school communities, being Nungurner Primary School, Swan Reach Primary School, Nicholson Primary School, and St Brendan's Primary School Lakes Entrance. The aim of the program is to support school children and their parents to demonstrate safe road behaviours, promote active transport to and from school and to take a whole-of-school approach to ensuring the areas in and around the schools are as safe as possible with the existing infrastructure.

Revisiting existing community plans

Work has commenced with the Buchan and Bruthen Districts and the Newlands Arm community to revisit their community plans. Council has conducted meetings with key community reference groups regarding their community plans and priorities.

Some outcomes from the existing plans are:

- Council continues to establish relationships with the Buchan Community Planning Group;
- The signage project at Buchan incorporating entry signs, wayfinding and amenity signs is complete;
- The completion of the Bruthen entry signs project;
- Council has commenced discussions with the Bruthen community regarding footpath connectivity in the Main Street Gardens and a maintenance program to address the health of the elm trees in the Main Street Garden;
- Works at Newlands Arm, including maintenance works at the Community hall, playground and installation of shower facilities at Dawsons Cove are complete;
- Place-based newsletters established to inform 12 districts of actions, outcomes and achievements; and
- Council worked with the Glenaladale community to get their community plan to a draft stage.



PROGRESS AGAINST MAJOR INITIATIVES

Major initiative 1 - Implement a new approach to Place Planning and commence new place plans for at least two communities

Place Planning (One Place One Plan) is a project that helps communities shape a plan for their place, reflecting how it is now and how it could be into the future. The project invites people to be part of conversations about how their community operates, the facilities and services they access and the way they work with Council and other agencies. The plan will build community knowledge and understanding of Council processes and incorporate data gathering and community profiling activities. This approach will provide communities with an opportunity to participate in decision-making about their place, as well as helping inform Council of each distinctive community and district.

Council has developed the Place Planning framework which identifies the strategic, tactical and operational involvement of business units. A timeline and process for the pilot project has been developed to focus on delivery across three districts. The proposals to employ facilitators for the pilot have been finalised and released for quotation.

Work on Place Planning stages one and two has commenced with baseline demographic data being collected to develop the community profiles. A review of associated policies, strategies and plans across the shire is 60 per cent completed.

Negotiations are currently being undertaken with Emergency Management Victoria (EMV) regarding Place Planning in Mallacoota and Omeo, with only Omeo being considered for the EMV pilot project. Council has commenced conducting meetings to further exploring integrated planning with EMV, North East Catchment Management Authority and potentially CSIRO regarding using the adaptation process in the Omeo District.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Increase the number of people reported as 'engaged' on Council's YourSay website

2014-15	2015-16	2016-17	2017-18	Trend
No data available	No data available	No data available	1,712	-

Comments:

2017-18 is first year of reporting engagement statistics. This figure records the number of people who were engaged on YourSay by answering a survey and/or viewed a survey or story from the webpage.

Percentage of people who rate Council's performance as 'Very Good' or 'Good' for community consultation and engagement

2014-15	2015-16	2016-17	2017-18	Trend
33%	33%	28%	35%	▲

Comments:

Of the surveyed community members, there was a 7% increase in those who rated Council's performance as very good or good for community consultation. This was reinforced by Council receiving an increase of 5 ratings points for community consultation from its 2017 result. The demographic that was most favourable to community consultation was the aged between 18-34 years.

(Source: EGSC Community Satisfaction Survey conducted by JWS Research)

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget.

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Community Planning	The Community Planning function supports, encourages and works with people and community groups to identify their 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.	160 <u>179</u> 19

Goal 1.3: East Gippslanders enjoy healthy lifestyles.

Promotion of physical activity through the Recreation Centres

The Recreation Centres were involved in numerous key events to encourage greater physical activity. These events include primary schools “walk to school” project, Premier’s Active April (where there was a 12 per cent increase in signed up participants over the previous year), Seniors Week plus additional programs during school holidays.

The East Gippsland Recreation Centres Health and Wellbeing outcomes program has reached the major milestones of retrieving baseline data and developing ongoing personal measurement for new centre users in stage two. The program did have a slower than expected start, as considerable time was spent being guided by health experts in aligning our program’s actions with known data in the health area.



Age Friendly Communities Strategy 2017-2030

The Age Friendly Communities Strategy 2017-2030 was endorsed at the December 2017 Council meeting. This strategy places an emphasis on planning towards ‘age-friendly’ communities that are designed to value the contribution of older people and ensure their access to all aspects of community life.

The Age Friendly Ambassadors have been established and have commenced working on the priorities of the Age Friendly Strategy.

Supporting the Arts Community

Two rounds of Arts and Heritage grants were offered throughout the year that enabled a wide range of projects to commence. Ten information sessions were held throughout the shire to build capacity of communities to develop projects and apply for funding, not only through Council’s grants program but also through other sources of funding.

Two small grants were secured in the arts area, from the Department of Veterans Affairs (Aboriginal ANZAC project) and to Latrobe Community Health Service (All of Us project). Regular Arts Connect newsletters were distributed across the year, sharing news, opportunities and events relevant to creative industries in East Gippsland.

PROGRESS AGAINST MAJOR INITIATIVES

Major initiative 2 - Upgrade the Bairnsdale Aquatic and Recreation Centre

Mantric Architecture was engaged to undertake the design and construction documentation for the Bairnsdale Aquatic and Recreation Centre (BARC) upgrade project. Following the design phase Brooker Builders was awarded the construction contract.

The site setup and demolition works on the café and children's pool areas began in January 2018 and has now been completed. This work included the digging of the new pools, with the footings now being laid. The updated pools have been concreted, the roof metals are being welded to the building structure, upgrade work in the plant room is on schedule and the power lines have been upgraded.

BARC members, casual users and council staff have received regular updates and have also been invited to attend information sessions about the progress of the development.

Temporary arrangements during the development have included separating the 25-metre pool area from the construction site with a temporary wall; creating a temporary entrance to the 25-metre pool area; shared use of the Forge Theatre entrance and reception area as the BARC entrance; and the shared use of the theatre's café area as a social space.

To oversee the development, council has appointed a Project Supervisor. The role will work with the builders to minimise shutdowns and reduce potential inconveniences to users. The project is expected to be completed by Easter 2019.



Major initiative 3 – Develop a new Municipal Health and Wellbeing Plan

East Gippsland's Health and Wellbeing Plan, 'Well Placed for Wellbeing', was adopted by Council on 10 October 2017. The plan provides a platform for Council, service providers and communities to improve the health and wellbeing of people across East Gippsland. The plan was developed in collaboration with a range of agencies that provide health-related services. The plan reflects the diverse and combined views of these agencies. The plan went through public consultation, where further comments were received incorporated into the final plan where appropriate.

The plan provides a high-level strategic direction, at this stage and does not describe specific actions or responsibilities for individual agencies. It does however identify the mechanisms by which the multiple agencies and groups working on aspects of health and wellbeing will develop a collective action plan and measures for the next four years.

Given East Gippsland's size, demographic spread and diversity coupled with the fact that not all agencies deliver services to all of East Gippsland, the plan acknowledges and sets out a process for the action plan to have both place-based initiatives and whole of shire initiatives.

The development of the action plans to support the implementation of Well Placed for Wellbeing will happen as a collaborative process and will be supported with regular review processes.

Major initiative 4 - Commence Implementation of Bairnsdale Sporting Facility Plan

The Bairnsdale Sporting Facilities Plan's objective is to actively encourage and support increased participation in sport in East Gippsland Shire. This is a 10-year strategic plan.

Given this objective, the project has undertaken a thorough process to consult, engage and gather critical intelligence about and from our sporting community in Bairnsdale. To date, the process has conducted 59 meetings and workshops with sporting clubs, state government agencies, reserve committees of management, schools and state sporting associations. Through these sessions, the project has engaged with almost 300 people face to face. Council has also conducted sporting club and general community active recreation surveys.

The final Bairnsdale Sporting Facilities Plan is scheduled to be presented to Council in August 2018. While the plan is still pending final approval, progress has been made on the implementation of key priorities identified through the process. Opportunistic funding has become available which has allowed council to progress with the design for these key priorities.

Major initiative 5 - Implement the recommendations of the Creative Communities Advisory Board

Council is working with Regional Arts Victoria to provide a Creative Leadership Forum in August or September 2018. The forum's theme will be collaboration and networking, and will include workshops to commence the development of an Arts and Culture Strategy for East Gippsland.

Council's monthly Arts Connect newsletter provides the creative industries sector with news, updates and opportunities. This is sent to a database of approximately 250 people each month.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Increased attendance at Council-operated aquatic facilities

2014-15	2015-16	2016-17	2017-18	Trend
346,852	283,550	361,891	388,164	▲

Comments:

New Cohera door counter technology is now in place at facilities and is showing a more accurate count of attendance in the centres. Due to the change in technology the attendance figures for 2017-18 would be more accurate than previous year's data.

Increasing immunisation coverage rates

2014-15	2015-16	2016-17	2017-18	Trend
91%	94%	94%	96%	▲

Comments:

The Federal Government set a benchmark early in 2017 to 95% coverage rate. This coverage rate represents an average across the 2017-18 financial year, which is a great effort across the East Gippsland community. This rate encompasses the early childhood immunisation program.



LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

The Victorian Government's compulsory service measures for all Councils that are relevant to this goal are shown below:

Indicator measure	Results				Comments
	2014-15	2015-16	2016-17	2017-18	
Aquatic Facilities					
Satisfaction <i>User satisfaction with aquatic facilities</i> [User satisfaction with how council has performed on provision of aquatic facilities]	n/a	n/a	n/a	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	0	No inspections were carried out by an authorised officer under the <i>Public Health and Wellbeing Act 2008</i> as no public health issues were lodged with Council by customers. 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.
Service Standard <i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0	2	2	0	There were no reportable safety incidents at any of the aquatic facilities this year.

Indicator measure	Results				Comments
	2014-15	2015-16	2016-17	2017-18	
Service cost	\$4.06	\$4.86	\$4.82	\$4.28	The cost of service for 2016-17 was incorrectly reported last year, the figure in this table is correct and puts the 2017-18 result in line with previous results. Also, the data for attendance has become more reliable due to the Cohera door counter technology providing a more accurate figure for attendance than previous years.
<i>Cost of indoor aquatic facilities</i>					
[Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]					
Service cost	\$12.11	\$13.24	\$15.63	\$13.49	The cost of service for 2016-17 was incorrectly reported last year, the figure in this table is correct and has a cost reduction of 13.7% due to the Bairnsdale Outdoor Pool being closed for the start of the season due to water quality issues, resulting in lower expenditure for the season. Orbost Outdoor Pool had a change in staffing structure this season resulting in reduced costs and it was closed two weeks earlier at the end of the season reducing the expenditure costs.
<i>Cost of outdoor aquatic facilities</i>					
[Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]					
Utilisation	7.92	6.45	8.12	8.45	New Cohera door counter technology is now in place at facilities and is showing a more accurate count of attendance in the
<i>Utilisation of aquatic facilities</i>					
[Number of visits to aquatic facilities / Municipal population]					

Indicator measure	Results				Comments
	2014-15	2015-16	2016-17	2017-18	
					centres. Due to the change in technology the attendance figures for 2017-18 would be more accurate than previous year's data.
Food Safety					
Timeliness	n/a	1.15	1.45	2.26	Council received a total of 42 complaints for the 2017 year (up from 29 in the previous year) with a total number of 95 days between receipt and the first response.
<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]					
Service standard	100.28%	92.08%	102.62%	100.28%	Council had 353 class 1 and 2 registered food premises required for an annual food safety assessment as per the <i>Food Act 1984</i> in 2017. A total of 354 were inspected for the year.
<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					
Service cost	\$504.30	\$528.01	\$548.58	\$567.57	The cost of service saw only a minor increase from last year.
<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>]					
Health and safety	0	100%	100%	100%	East Gippsland Shire Council follows up all non-compliances within the appropriate time frames.
<i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-					

Indicator measure	Results				Comments
	2014-15	2015-16	2016-17	2017-18	
compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x100					

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget.

Business area	Description of services provided	Net Cost Actual
		<u>Budget</u> Variance \$'000
Public Health	Public Health maintains and improves the health and safety of people and the environment in accordance with the <i>Public Health and Wellbeing Act 2008</i> . It maintains safety, amenity and harmony in the community 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.	137 <u>231</u> 94
Recreation Centres	This service combines a wide range of programs and services that contribute to the general wellbeing of the community. This includes opportunities for individuals of all ages, genders and abilities to participate in a variety of health, education, and leisure activities by providing recreational facilities that include indoor and outdoor aquatic facilities, a fully equipped gymnasium, aqua aerobics and group fitness classes, a stadium and childcare facilities.	2,465 <u>2,265</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 the municipality through the upgrade and improvement of facilities and the attraction of funding to undertake this work.	2,129 <u>1,734</u> (395)

Business area	Description of services provided	Net Cost Actual
		<u>Budget</u>
		Variance \$'000
Performing Arts	This service provides performing arts facilities, including the Forge Theatre and Arts Hub in Bairnsdale. A key focus is to deliver accessible programs and events that celebrate our cultural diversity and enrich the lives of our community and visitors.	506 <u>596</u> 90



Goal 1.4: East Gippsland has safe, resilient communities.

New General Local Law adopted

The new General Local Law 2017 was approved at the December 2017 Council meeting. Changes were made to make it clearer for readers to understand while removing duplication.

Key changes included prohibition of the consumption of liquor in public within the Buchan Central Activity District, the ability to impound any article or thing on council land or council-managed land, the ability to impound vessels on Council managed moorings and removal of local laws associated with anti-social behaviour on the Raymond Island Ferry, as these matters are a Victoria Police responsibility.

Domestic Animal Management Plan approved

The Domestic Animal Management Plan was approved at the December 2017 Council meeting. The new plan provides direction on how council carries out domestic animal services including education, information provision, staff training and legislative compliance.

PROGRESS AGAINST MAJOR INITIATIVES

Major Initiative 6 - Participate in the Victorian Government Councils and Emergencies Project and ensure that Council has effective emergency management capability and capacity

East Gippsland Shire Council remains a respected and experienced municipality in the Victorian Local Government landscape through best practice participation by our officers and CEO's involvement at a state level with the Victorian Fire Management Strategy Project Control Board. Council supported a submission by the Municipal Association of Victoria and also made its own submission into the project.

Local Government Victoria has chosen to work with a small-scale steering committee to start phase two of the project with representatives from the various regional groups. East Gippsland has nominated to continue to participate in the Councils Emergency project. Phase two of this project is yet to commence.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Number of Local Incident Management Plans implemented in communities based on their risk level

2014-15	2015-16	2016-17	2017-18	Trend
17	22	6	8	-

Comments:

Eight new plans were completed or reviewed in 2017-18 for Metung, Nungurner, Marlo, Bemm River, Genoa, Combienbar, Nowa Nowa and Club Terrace.

Communities continue to welcome help from Council to assist their efforts to develop, produce and deliver their own Local Incident Management Plans (LIMP). Following the finalisation of the LIMP each household received a USB card with pre-loaded Household, Personal, Farm Plans and Preparing for Emergency documents to encourage them to develop these plans to be ready for an emergency.

LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

The Victorian Government's compulsory service measures for all Councils that are relevant to this goal are shown below:

Indicator measure	Results				Comments
	2014-15	2015-16	2016-17	2017-18	
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	2.25	This has decreased due to education of the community through advertising and officers door knocking in the shire.
Service standard <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	37.55%	40.30%	58.10%	56.77%	The animals reclaimed remains consistent through our media program and our contractor Animal Aid being proactive in returning animals home.

Indicator measure	Results				Comments
	2014-15	2015-16	2016-17	2017-18	
Service cost <i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$24.10	\$18.13	\$24.98	\$37.66	The large increase in the cost of service is because this is the first year that the cost of managing the Pound services has been included in the data. If we factor the cost of the contract into our previously reported data, the variation between years is relatively constant.
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	1	7	Council has undertaken seven prosecutions. All have been successful.

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost
		Actual <u>Budget</u> Variance \$'000
Emergency Management	Council works collaboratively with relevant stakeholders to assist communities prepare for emergency events and natural disasters and, in times of emergency, to respond to their needs and help them recover.	805 <u>1,031</u> 226
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 <u>0</u> 0

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
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.	606 <u>529</u> (77)

STRONG COMMUNITIES – LOOKING FORWARD

- Undertake the Victorian Government's Floodplain Management Strategy;
- Continue to pilot approaches to Place Planning in selected communities across the shire;
- Finalise the upgrade of the Bairnsdale Aquatic and Recreation Centre;
- Facilitate the "Measuring Health and Wellbeing Outcomes" steering group; and
- Update the Road Safety Strategy

A liveable region

Our lifestyles are enviable. Council provides services and infrastructure that supports residents and visitors at every stage of life. East Gippsland is the regional area people choose to live, work and play in.

Goal 2.1: We have safe, accessible, vibrant and well utilised public spaces and built environments that reflect the priorities of our community.

Flood Modelling / Management Project

Council participated in a Steering Committee for the Mitchell River Flood Mapping project that is being delivered with the Department of Environment Land Water and Planning, East Gippsland Catchment Management Authority and State Emergency Service. Council was involved in coordinating the community engagement for the project by using Council's communication tools including Your Say webpage and advertising.

This project collated stories and information about pasts floods on the Mitchell River from the community.

Replacement of Lindenow-Glenaladale Bridge

The Lindenow-Glenaladale bridge was re-opened ahead of schedule and was delivered on budget. The project was very well supported by the local community who understood the impact of construction on their traffic movements and planned ahead to minimise these impacts. The community celebrated an official opening of the bridge in May 2018, which attracted local primary school children and adults who were at the primary school when the former bridge was opened in 1959.



Cunninghame Arm Bridge Safety Barrier

Lakes Entrances' Cunninghame Arm bridge, safety barrier has been replaced with a long-lasting and visually appealing stainless-steel railing. The project was delivered in Autumn, to avoid workers interrupting the increased use of the bridge during the busy summer tourism season.



Francis and Service Streets Roundabout

Streetscape works including the construction of a new roundabout at the intersection of Francis and Service streets, Bairnsdale, footpath upgrades along Service Street, new street furniture, landscaping and installation of public art was completed. The project works were put on hold over summer so as not to interfere with businesses main trading period. The project was delivered on budget and with minimal disruption to traders and community members. The project improves both traffic and pedestrian safety at a dangerous intersection and encourages more walking in the CBD through improvements to the street including introduction of more shade, seating and a pedestrian-friendly footpath surface.

Macleod and McCulloch Streets Roundabout

The final stages of the Macleod and McCulloch streets roundabout were finalised early in 2017-18, providing a safe intersection treatment, safe pedestrian crossing points, upgraded lighting and attractive landscaping. The project has significantly improved traffic and pedestrian safety in this area of Bairnsdale.

Replace of the toilet block at the Nowa Nowa Recreation Reserve

Council replaced the toilet block at the Nowa Nowa Recreation Reserve as a priority project from the Nowa Nowa Open Space Management Plan. The new toilet and shower facilities meet contemporary standards, making them more user-friendly and better suited to the users of the recreation reserve. This has already been well used by the local pony club and other Recreation Reserve user groups.



Upgrade the Bemm River and Brodribb River boat ramps and jetties

The Bemm River boat ramp and jetty upgrade is complete. The project involved construction of a new dual lane boat ramp and new southern pontoon system, with upgrades to existing northern pontoon and abutment. The upgrade also includes new overhead solar lighting, and a davit crane for disabled access from the pontoon. Repair work will also be undertaken on a section of the car park to ensure that the facility is looking its best.

The Brodribb River boat ramp and jetty project is complete and the facility is now open. The \$442,625 upgrade saw the existing single lane boat ramp and fixed jetty demolished and replaced with modern facilities including a two-lane boat ramp and two floating pontoon jetties.



Upgrade Orbost Skate Park

Orbost Skate Park was identified as a priority skate park for upgrade. Community consultation began in May 2017 and the works are now complete and the facility is open to the public. The \$80,000 upgrade to the skate park provides a space for fun and healthy activity for the town's youth and is an additional drawcard for visitors.

Upgrade the Mallacoota Recreation Reserve Pavilion

This new pavilion at Mallacoota project (stage one) has commenced with the successful grant application from Building Better Regions Funding of \$725,590 over two years. The project has been designed and is currently awaiting building permits while council finalises a Cultural Heritage Management Plan.

PROGRESS AGAINST MAJOR INITIATIVES

Major initiative 7 - Complete shire-wide road resealing and gravel road resheet programs for high priority works

All 2017-18 sealing works were completed in accordance with the requirements of the road maintenance contract, within the allocated budget and approved timeframe. Asphalting works are completed to finalise the works program for the 2017-18 year.

Gravel resheeting works occurred as required and identified via asset inspection programs. The gravel resheet program is complete on time and within budget.

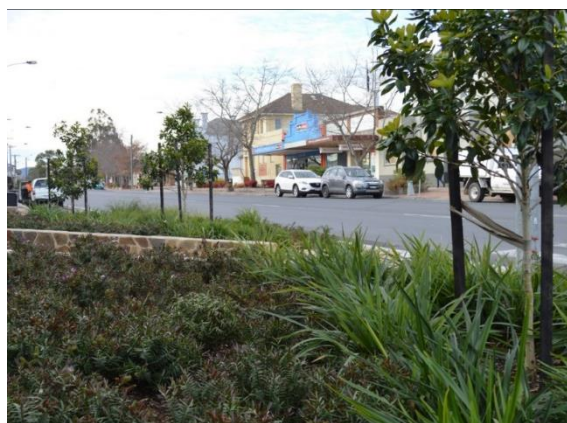
Major initiative 8 - Improve streetscapes in Bairnsdale, Metung, Orbost and Lakes Entrance

Bairnsdale (Service Street) - streetscape has been completed. The upgrade included the relocation of services, installation of a new roundabout at the Service / Francis Street intersection, installation of new traffic outstands, replacement of paving on the eastern side of Service Street and landscaping. The improved landscaping included planting of new street trees and landscaping of the roundabout and surrounds. The next stage of the Bairnsdale Streetscape is on Nicholson Street, which will be delivered in 2018-19.



Metung – the detailed design work is on schedule, with concept plans finalised for the Metung Back Beach and concept plans are ready for community consultation for Metung Village Green and Shaving Point. The streetscape on the Metung Back Beach will proceed to delivery in 2018-19.

Orbost - stage one has been completed on time and on budget. The upgrade to the streetscape on the western side of Nicholson Street involved new footpaths, street furniture and landscaping. The \$695,823 project also included drainage and kerb works, and plantings of trees, shrubs, feature plants and groundcover plants. Stage two has been through an invitation to tender process and will be reviewed for delivery in 2018-19.



Lakes Entrance – improvements commenced by VicRoads with other streetscape and safety improvements for Church Street have been completed. Design work is proceeding on other aspects of streetscape and grant applications to fund aspects of streetscape have been submitted to Regional Growth Fund program.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Target Area Roadside Weed Control treated

2014-15	2015-16	2016-17	2017-18	Trend
406 km	360 km	978 km	437 km	▼

Comments:

414km of Regionally Controlled Weeds and 23km of Regionally Prohibited Weeds were searched and treated for weeds, including Regionally Prohibited and Regionally Controlled Weeds under the *CaLP Act 1994*.

This is a considerably lower figure than last year due to a Council contribution, officer field work and multiple contractors working at once throughout 2016-17.

Decrease the infrastructure renewal gap

2014-15	2015-16	2016-17	2017-18	Trend
129.53%	99.66%	89.95%	71.86%	▼

Comments:

The infrastructure renewal gap is asset renewal compared to depreciation. The higher the percentage the more that Council spends on renewal as opposed to asset depreciation. This figure is expected to rise next year as \$16 million of capital projects were incomplete at year end and will be completed in 2018-19.



LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

The Victorian Government's compulsory service measures for all Councils that are relevant to this goal are shown below:

Indicator measure	Results				Comments
	2014-15	2015-16	2016-17	2017-18	
Roads					
Satisfaction of use	23.16	21.66	19.45	18.49	Council received a total of 230 customer action requests for sealed roads which is a slight decrease compared to the previous year. A range of factors influenced the community contacting Council in relation to sealed roads, which may include the adverse impact of weather events.
<i>Sealed local road requests</i>					
[Number of sealed local road requests / Kilometres of sealed local roads] x100					
Condition	93.80%	94.01%	94.83%	96.59%	Council has again intensified its frequency of auditing the standard and quality of works being produced by its road maintenance contractor. Because of this there has been an ongoing improvement in the standard of the municipal road network.
<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					
Service cost	\$47.12	\$63.64	\$29.78	\$26.90	Council has road reconstruction contracts with several road construction and sealing companies. 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
<i>Cost of sealed local road reconstruction</i>					
[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]					

					undertaken larger scale works in recent times and has therefore been charged the cheaper rate.
Service cost	\$7.11	\$5.23	\$8.50	\$5.00	Council, through its sealing contract arrangements, has delivered its sealing program in a cost-effective manner and has been able to reduce the unit cost of sealing works across the shire.
<i>Cost of sealed local road resealing</i>					
[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]					
Satisfaction	46	46	46	50	Council's ongoing focus on ensuring its road maintenance contractor continues to deliver on its responsibilities and improve the road network over time has helped to improve the overall community satisfaction of sealed local roads.
<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]					



COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost Actual
		<u>Budget</u> Variance \$'000
Asset Maintenance	This service provides ongoing maintenance of the Council's assets, including 2,950 km of roads, 203 bridges and 23 pedestrian bridges; over 300 km of drains and 186 km of footpath, and 533 km of kerb and channel; numerous playgrounds, parks and gardens, and recreation reserves; 3 aerodromes; over 4,500 street lights; 41 public jetties, 19 fishing platforms and 31 boat ramps; and the Raymond Island Ferry.	21,094 <u>16,945</u> (4,149)
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.	226 <u>217</u> (9)
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.	108 <u>146</u> 38
Parks and Gardens	Parks and Gardens provides management and implementation of open space strategies and maintenance including mowing, garden maintenance, annual displays, weed control and walking track maintenance. It also provides tree maintenance including inspection, pruning and removals.	3,439 <u>3,456</u> 17
Project Management	This service undertakes project planning, design and delivery of various works within Council's Capital Works Program.	710 <u>549</u> (161)
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.	3,303 <u>3,195</u> (108)

Goal 2.2: Sustainable planning and growth supports thriving townships, while maintaining our commitment to sustainability and protecting our natural environment.

Smart Takeaway Coffee Cup Project

The 'Smart Takeaway Coffee Cup' project at Orbost and Paynesville has been a great success, with positive feedback received from participants and the wider community. Café data shows that 3,343 disposable cups were saved from landfill throughout the duration of the project.

Cafes that participated were Alma's (Paynesville), The Fig Licensed Café (Paynesville), The Waterview Bakery (Paynesville), Morganics (Orbost), The Orbost Bakery, Two Little Owls Café (Orbost), Cozy Café (Orbost), Cafe 125 (Orbost), and The Wishing Tree Café (Orbost).



Management of Closed Landfills

Through membership of the Gippsland Waste and Resource Recovery Group, councils can jointly identify waste management issues and associated funding ramifications relating to the rehabilitation of closed legacy landfills. Council is continually communicating directly with the Environment Protection Authority regarding the high costs of rehabilitation of closed landfills and ongoing monitoring requirements.

Rehabilitation of Bosworth road landfill has been completed. The closed landfill rehabilitation design incorporates usable public open space areas, and will be planted out with approximately 50,000 native trees. There will be two car parking areas with access to walking and cycling paths, a fenced "off leash" dog exercise area along with two observation points overlooking Macleods morass.

Orbost and Mallacoota closed landfills have been rehabilitated with phytocap and tree growth monitored. Cann River landfill is progressively being rehabilitated. Metung, Orbost, Mallacoota and Eagle Point closed landfills continue to have groundwater bores monitored.

Promotion of the ResourceSmart Schools Program

Schools engaged in the ResourceSmart Program include Gippsland Grammar, Bairnsdale Primary School, Nungurner Primary School, Nagle College, Bundalaguah Primary School, Airly Primary School and Stratford Primary School.

The ResourceSmart Schools Facilitator provided the information by using fun activities to engage with the students in the program including habitat game, water taste test and waste bury activity.

There was also a new school signed up, East Gippsland Specialist School, which council is assisting to facilitate their introduction to the program and assisted the school to apply for a \$5,000 kitchen-garden grant.

Energy Efficiency Project

The contract to supply, design and install solar panels on Council buildings was awarded to EnviroLink Au. This project is expected to see Council emissions reduced by 123 tonnes of carbon dioxide each year.

The following solar panel systems (panels and inverters) have been installed:

- Lakes Entrance Service Centre (14.5 kW);
- Orbost Service Centre (9.9 kW);
- Omeo Service Centre had a 17kW solar system and 25kW battery backup (3 x 3.4kwh PHI Simpliphi Lithium Batteries);
- Bairnsdale Business Centre (13 kW); and
- Paynesville Service Centre (40kW).



Implementation of an online statutory planning application system

An online platform for lodging a planning permit application was launched during the reporting period, and already 85 per cent of planning applications are being lodged via the website or email. This reduces mail costs and delays, printing costs and provides for more efficient processing of planning permit applications.

PROGRESS AGAINST MAJOR INITIATIVES

Major initiative 9 - Review the Municipal Strategic Statement

The review of the East Gippsland Planning Scheme has been completed and reported to Council at the April 2018 Council Meeting. The task was undertaken in-house as a collaborative task between the Strategic and Statutory Planning business units. Council resolved to adopt the East Gippsland Planning Scheme Review Report and forward to the Minister for Planning.

Major initiative 10 - Implement the Waste Facilities and Disposal Strategy

The Waste Facilities and Disposal Strategy 2014 contains 44 key strategic targets. The following provides a summary overview of actions implemented from the strategy during the reporting period:

- The introduction of recycling trailers to remote sites Goongerah, Tubbut, Deddick, Dellicknora, Combienbar, Club Terrace is complete;
- Provision of rural kerbside bin enclosures at Ensay and Brodribb River has commenced and is on schedule;
- Upgrade to the Bemm River and Bruthen transfer station has commenced and is on schedule. Bemm River site will become supervised by a staff member to introduce standardised services and control of waste entering the facility. Bruthen is receiving an upgrade to standardise the facility;
- The final cap design for the Lakes Entrance site is required before the transfer station can be finalised. The design consultants for the transfer station have been advised to revisit the design due to budget constraints, considering that commercial waste will be diverted to the Bairnsdale landfill. It is expected that the cap design be completed and EPA approved by December 2018. Construction to begin in March/April 2019; and
- The capping of Cell 1 and 2 at Bairnsdale Landfill is on schedule, as is the construction on cell 3B.

Major initiative 11 - Undertake a Renewable Energy Feasibility study

Stage One of the Bright Futures Renewable Energy project is now complete and has been informally presented to Council. The project aims to identify options for future renewable energy initiatives for the region that will reduce energy costs, increase local investment and energy self-reliance and contribute to reduced greenhouse emissions.

The project provides an opportunity for Council to explore innovative new models for renewable energy production that can bring substantial benefits to the business and

the community. Consultants have prepared a report for stage one of the project. The report is based on technical, community and business input. It identifies a range of potential renewable energy options for East Gippsland, with a focus on opportunities the community can develop that are both commercially available and readily deployable.

Stage Two of this project has commenced and involves the production of a business case based on the top three key recommendations that were identified in Stage One. Those three priorities are now being developed as demonstration cases that will pilot the recommendations and collect data needed to develop the business case and justify future investment.

Those demonstration cases are:

- Solar Bulk Buy - available to all residents and businesses across the region;
- Multi-Site Feasibility Study - energy audits and solar system designs for seven East Gippsland businesses and two community groups; and
- Community Energy Information Hub - will provide information about energy efficiency and renewable energy options for residents and businesses in East Gippsland.



STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Reduce emissions from council's energy use (CO₂)

2014-15	2015-16	2016-17	2017-18	Trend
8,524	7,356	7,202	6,361	▼

Comments:

In 2017-18 council's internal buildings and operations were responsible for 6,361 tonnes of CO₂ –e (equivalent) emissions. This is a decline of 2,163 tonnes of CO₂ –e emissions compared to the baseline of 2014-15.

The decline in the past year is principally due to Hazelwood Power Station closing, and a change in the emissions factor used to calculate emissions from the electricity grid. i.e., the emissions from the electricity grid became less polluting when Hazelwood closed.

Reduce Council's energy use (GJ)

2014-15	2015-16	2016-17	2017-18	Trend
33,583	26,268	25,766	24,769	▼

Comments:

Council again saw a decline in energy use in 2017-18 compared to the year before. Electricity used in Council facilities is mostly from the grid, which is a high emissions intensive energy source. However, near the end of the financial year 94kW of solar (or 287 solar panels) were installed on five buildings.

LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

The Victorian Government's compulsory service measures for all Councils that are relevant to this goal are shown below:

Indicator measure	Results				Comments
	2014-15	2015-16	2016-17	2017-18	
Waste Collection					
Satisfaction	16.25	16.23	16.81	19.79	Kerbside bin collection has been extended into two new waste collection areas, which increased the requests for 2017-18.
Kerbside bin collection requests					
[Number of kerbside garbage and recycling bin collection requests /					
Number of kerbside bin collection households] x1,000					

Service standard	0.59	1.78	2.35	1.66	The contractor has seen an improvement of service with less missed bins from last year's outlying result.
<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					
Service cost	\$59.79	\$53.56	\$53.52	\$53.89	There was an anomaly with last year's reporting on this measure; the cost of the service in this table has been corrected. This makes the reporting consistent over the past four years as the service is under contract rates with the service provider.
<i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]					
<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	\$47.11	The cost of recyclables collection service has increased due to changes in the former market for recyclable waste no longer being available. This has resulted in increased cost of the service to council
Waste Diversion	54.73%	54.08%	53.01%	50.81%	Consistent with previous years
<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					

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	63	49	43	A reduction in the timeframes has been achieved through new processes and proactive file management, last year's reporting saw 49 days time taken to decide planning applications, this year's reporting has seen the median days reduced to 43.
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%	81.82%	A minor reduction from last year resulting from long standing applications being finalised
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	\$2,010.71	Only a minor variance from 2016-17
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%	66.67%	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.

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost
		Actual <u>Budget</u> Variance \$'000
Environmental 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.	1,158 <u>1,471</u> 313
Environmental Sustainability	This service develops environmental policy and strategies, coordinates and implements environmental projects and works with other services to improve Council's environmental performance. Reducing greenhouse emissions and utility use within Council operations are a key priority. This includes community awareness and behavioural change programs to encourage and support reduced use of energy and resources. It also supports and encourages the protection and management of native vegetation and re-vegetation in bushland parks and reserves to preserve the native habitat of flora and fauna.	298 <u>300</u> 2
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.	237 <u>725</u> 488
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.	962 <u>1,374</u> 412
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.	(88) <u>831</u> 919

A LIVEABLE REGION – LOOKING FORWARD

- Improve streetscapes in Bairnsdale, Metung, Orbost and Lakes Entrance;
- Implement findings from Flood Modelling / Management Projects;
- Participate in the Solar Savers Program;
- Continue to promote waste and recycling through presenting educational and community sessions;
- Implement the Domestic Wastewater Management Plan; and
- Review sustainable alternative building materials for future works.

A growing regional area with opportunities

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: We are a region of economic opportunity with strong industry sectors, a skilled workforce and local jobs.

2018 Rural Summit

The rural summit is Rural Councils Victoria's major annual event and was held in Lakes Entrance on 16 to 18 May 2018.

The summit is a forum for councils, business and industry leaders to examine the unique and diverse challenges faced by rural towns. Twenty-three guest speakers tackled the important topic of Rural Livability. More than 100 delegates attended.

Two of the key note speakers were Claire Madden and Chris Riddell. Claire is a renowned business consultant, social researcher and generational expert. She is highly regarded for her ability to interpret the meaning and impact of global social and generational trends for educators, managers and marketers.

Chris is a renowned strategist and global trend spotter for businesses and leaders in today's disrupted digital world. Chris has worked with some of the largest and most successful companies and brands in our modern world.



Cann River Business Mentoring Project

The CANN-DO Project was facilitated by Allan Marion from Trainex Systems. Alan is a highly skilled facilitator and has run programs globally in a variety of topics. The program was aimed at existing business operators and start-ups in Cann River and the surrounding area. The topics covered included business planning, customer service excellence and planning for feast or famine.

Seven local business participated in the program with one challenge being set as to how can they get people to stay on an extra day in the area. A variety of ideas were developed including strategies for improved and new marketing, visitor experiences, infrastructure and events. The group will continue to work on the feasibility of ideas through the implementation and development of the Community Plans.

PROGRESS AGAINST MAJOR INITIATIVES

Major initiative 12 - Implement the Economic Development Strategy

Now in its final year, the East Gippsland Shire Economic Development Strategy continues to set the direction for economic focus within council including delivering on the region's strengths in the agribusiness, food manufacturing, tourism and sustainable seafood harvesting industries.

It also seeks to ensure that the region is open for business with a number of initiatives taking place over the period to engage local business in thinking big and opening up additional market opportunities which may exist in their industry.

The strategy will continue to be implemented whilst the initial development and research is undertaken to set the framework for Council's upcoming 2018-2022 Economic Development Strategy.



Major initiative 13 - Finalise and implement an age-friendly plan for East Gippsland.

The East Gippsland Age-friendly Communities Strategy proposes a wide ranging and diverse set of strategic directions that need to be addressed to make the region an age-friendly community. It addresses the World Health Organization's (WHO) eight identified domains within a local context. In addition to the eight domains

recognised by the World Health Organization, a ninth element Economic Opportunities has been included into the focus areas of the strategy.

The Age Friendly Strategy was adopted by Council in December 2017. Following extensive scoping, an action plan has been developed that will focus on two demonstration projects - one on housing, stock planning and availability for older adults and the establishment of Age Friendly Ambassadors for East Gippsland to be implemented in 2018.

The strategy was developed using a broad range of consultation techniques including information postcards, interviews and meetings with a range of aged community members and groups, liaison with service providers, and a community survey. The draft strategy was also put on public exhibition for four weeks.

The Age Friendly Ambassador program has been established with seven ambassadors inducted. The Terms of Reference and a program outline has been developed. A series of training workshops were undertaken with Dr Kathleen Brasher for Councillors, Council staff and the ambassadors to build capacity around Age Friendly communities and practice.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Increase in the number of registered businesses in the region

2014-15	2015-16	2016-17	2017-18	Trend
8,545	8,129	9,876	10,020	▲

Comments:

Registered businesses based in East Gippsland as at May 2018.

Growth for Headline Gross Regional Product (GRP)

2014-15	2015-16	2016-17	2017-18	Trend
\$1.818 billion	\$1.915 billion	\$2.034 billion	\$2.291 billion	▲

Comments:

The total estimated gross regional product for East Gippsland is \$2.291 billion for May 2018, which is up \$0.257 billion from the previous year's figure.

East Gippsland workforce participation rate

2011	2016	Trend
51.7%	47.9%	▼

Comments:

Labour force participants are defined as those people aged 15 years and over who, in the week prior to Census night, have a full time or part time job, or who did not have a job but were actively looking for and available to start work.

(Source: .id community profile)

Regional unemployment rate

2014-15	2015-16	2016-17	2017-18	Trend
5.9%	8.9%	8.1%	7.7%	▼

Comments:

The region's unemployment rate is 7.7% at the end of the March 2018 quarter, which is 1.9% higher than the Victorian unemployment rate.

(Source: Department of Employment Small Area Labour Markets (SALM). (March Quarter 2017).

Increase in the percentage of exiting Year 12 students continuing to higher education

2014-15	2015-16	2016-17	2017-18	Trend
39.9%	45.5%	39.6%	30.5%	▼

Comments:

For East Gippsland school leavers over 20 per cent of students were undertaking a Bachelor degree and over 10 per cent were undertaking a Certificate or Diploma level course. This is a decrease from last year that had over 24 per cent undertaking a Bachelor degree and 15 per cent a Certificate or Diploma level course.

Source (The On Track 2017 Survey. East Gippsland (S). Conducted by State of Victoria (Department of Education and Training)).

Funding dollars received for the expansion and growth of businesses in East Gippsland

2014-15	2015-16	2016-17	2017-18	Trend
No data available	No data available	No data available	No data available	-

Comments:

Council is currently not able to track funding that has been used for the expansion and growth of businesses.

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost
		Actual <u>Budget</u> Variance \$'000
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.	0 <u>120</u> 120
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.	703 <u>635</u> (68)
Major Projects	This service works with the Victorian Government, industry and business to support the attraction of new investment in East Gippsland. Major Projects facilitate and advocate for major planning, infrastructure and investment projects aimed at opening significant opportunities for business growth and employment for the region.	23 <u>275</u> 252



Goal 3.2: We are Australia's number one adventure destination. We offer unforgettable tourism experiences for people of all interests, ages and abilities.

Events

Council supported events with \$98,475 in Regional and District Events Sponsorships (RADES) funding being offered in 2017-18. Over the last year Council has funded 26 events through RADES and a further 14 events supported by our events facilitation funding.



2017 Barry Sheene Tribute Ride

Riders from across Australia head to Phillip Island each year for the Motorcycle Grand Prix. As part of the event, East Gippsland hosts the annual Barry Sheene Tribute Ride which started early on Thursday morning 20 October in Pyke Street Bairnsdale.

The Barry Sheene Tribute Ride includes a dinner at the Bairnsdale RSL on the Wednesday evening before the ride with entertainment and an auction to raise funds for the Prostate Cancer Foundation, which was the official charity for the 2017 ride. Approximately 8,000 riders have taken part in the ride since its inception in 2003. This year marked the 15-year anniversary of the ride with 343 riders registering and riding from Bairnsdale resulting in a significant economic benefit to East Gippsland.



2018 Paynesville Food Van Fiesta

Council delivered another successful Paynesville Food Van Fiesta on Easter Saturday with support from Rotary Club of Mitchel River and the Paynesville Sea Scouts. Approximately up to 7,000 people attended the site over the course of the afternoon, which was an increase from the estimated 3,000 from the previous year.

The event went better than expected with fantastic weather. Feedback has been excellent with minimal waiting time in queues for food and a great variety of food vendors. The change in the program to include the farmers and makers market and

a lunch time options for food trucks was well received. Seventeen food trucks registered on the day, with other local food options provided as part of the farmers and makers market.



Local entertainment was popular with local musicians including Joe Cool Band, Riley Walsh and Laurel Calvert entertaining the crowds. The evening ended with a family movie screening on Council's outdoor cinema, with approximately 500 people enjoying and seeing the day out. This year presented an event mentoring and capacity building opportunity with the local Rotary club, who will take over running the festival in 2019 with Council sponsorship.

Omeo Mountain Bike Trail development

The Omeo Mountain Bike Feasibility Report was developed and presented to the Omeo community in September 2017. In mid-December, council submitted a grant application to the Australian Government's Building Better Regions Fund to assist with delivering this project, which was successful.

Recreation Fishing Plan

Council worked in partnership with East Gippsland Marketing Inc. to attract funding from Regional Development Victoria to develop the Recreational Fishing Plan. An Expression of Interest was submitted with Regional Development Victoria and Council was approved for this funding for the project in 2019-20.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Increase in the number of events held in the region (with event permits)

2014-15	2015-16	2016-17	2017-18	Trend
70	83	96	104	▲

Comments:

There were a total of 226 events that council has some level of involvement with and 104 event permits were issued. We deliver a variety of diverse events throughout the shire.

Increase total visitors to the region

2014-15	2015-16	2016-17	2017-18	Trend
1.171 million	1.124 million	1.241 million	1.378 million	▲

Comments:

There was an 11 per cent increase in total visitors to the region in 2017-18. Please note these figures are derived from sample data and are not exact values and that the 2017-18 figures are from April 2017- March 2018.

(Source – Tourism Research Australia).

Increase in international visitors to the region

2014-15	2015-16	2016-17	2017-18	Trend
30,000	33,000	45,000	39,000	▼

Comments:

The number of international visitors declined from last year by an estimated 6,000 people. Please note these figures are derived from sample data and are not exact values and that the 2017-18 figures are from April 2017- March 2018.

(Source – Tourism Research Australia).

Increase the length of stay for international and domestic visitors in the region

2014-15	2015-16	2016-17	2017-18	Trend
2.062 million	2.378 million	2.219 million	2.420 million	▲

Comments:

The length of stay in the region has shown a steady increase over time. Please note these figures are derived from sample data and are not exact values and that the 2017-18 figures are from April 2017- March 2018.

(Source – Tourism Research Australia).

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost Actual
		<u>Budget</u> Variance \$'000
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.	392 <u>229</u> (163)
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.	580 <u>575</u> (5)



A growing regional area with opportunities – Looking forward

- Deliver the Omeo Mountain Bike infrastructure project;
- Develop and Implement a new Economic Development Strategy;
- Host an event placement every weekend throughout the region;
- Develop a Recreational fishing plan; and
- Develop the Bairnsdale Airport Masterplan.

Good governance

East Gippsland Shire Council is inclusive, engaged and open. We provide leadership on issues affecting East Gippsland. Our relationships with other levels of government and partners deliver great outcomes for East Gippsland.

Goal 4.1: East Gippsland Shire Council is an inclusive, engaged and open government.

Live Streaming Council Meetings

Council began live streaming its council meetings in February using the first meeting of the year to trial the new technology. Now our residents, ratepayers and people with an interest in our shire will be able to watch council meetings where and when it suits them.

For the trial, Council enlisted the help of a number of residents from across the shire, in particular those who had requested live streaming in the past, so we could get a user perspective of how the technology worked.

The Victorian Ombudsman's recent report on local government transparency listed live streaming of council meetings as one measure that contributes towards a Council being transparent with its community.



Drone Program

Council has successfully implemented the Drone Program, with a total of 57 flights completed. The program has achieved cost and staff efficiencies, with the first 12 months saving approximately \$10,000 - \$15,000.

The drone and certified pilots have been used by a number of business units including:

- Economic Development for tourism imagery;
- Commercial Business for advertising the Marinas and Caravan Parks;
- Strategic Planning for footpath grants and solar panel installations;
- Statutory Planning for VCAT evidence;
- Works crew for tree inspections;
- Communications for footage of the East Gippsland Field Days and the “Lady Nelson” tall ship docking at Paynesville;
- Operations for dredging at the Mallacoota Ocean Access Boat Ramp and construction of the new boardwalk and lookout;
- Waste Management for land fill revegetation; and
- It was commissioned by Gippsland Ports to monitor sand movement along the Ninety Mile Beach.



ICT upgrade to systems and software

Council has completed the implementation of the technology requirements to facilitate new systems and software. The technology implemented includes:

- Successful rollout of Microsoft Windows 10 desktop software and new desktop and mobile technology to all staff to facilitate new systems;
- Successful upgrades of Council server systems, security and firewall technologies to facilitate new systems requirements; and
- Successful transfer of Council's Geographic Information System (GIS) from external provider to council's new datacentre has achieved improved reliability to GIS data and improved integration to council's business systems.

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Community Leadership and Advocacy	Council provides leadership on issues of importance to East Gippsland and advocates on behalf of the community and its vision for the future. It does this through strong, transparent, accountable leadership and the development of strong relationships with key stakeholders and other levels of government. The Office of the CEO provides support to Council and coordinates business papers for meetings of the Council.	1,363 <u>1,519</u> 156
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.	1,812 <u>2,214</u> 402

Goal 4.2: Our relationships with other levels of government and partners deliver great outcomes for East Gippslanders.

Relationships with Gippsland Councils

The CEO maintains an active role in the East Gippsland Region Managers' Forum, Gippsland Local Government Network, Rural Councils Victoria executive, Municipal Associate Victoria, as well as maintaining a regular meeting schedule with our political representatives at all levels. During the reporting period, the CEO and Council have been active in the advocacy and engagement area including the visit to Western Australia, Canberra and within the state. This advocacy and engagement has assisted in both knowledge and opportunity for several projects that the Council would like to see funded with potential to generate positive outcomes for the region.

Building relationships with neighbouring councils

East Gippsland Shire Council has become a member of Canberra Region Joint Organisation which evolved from discussions with Bega and Eurobodalla General Manager who invited East Gippsland to present to the joint organisation regarding cross-border issues and potential economic projects.

Advocating for further opportunities in East Gippsland

The reporting not only saw the continuation of our formal Memorandum of Understanding meeting schedule with stakeholders, but was further enhanced by visits to Queensland and Tasmania to explore economic development opportunities which could be established in our region. New tourism opportunities were also discussed with Canberra and New South Wales paving the possibility of creating a corridor that will drive new opportunities for East Gippsland.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

VAGO assessment of Council's Financial Sustainability Indicators deemed high risk

2014-15	2015-16	2016-17	2017-18	Trend
0	1	1	Report not yet available	-

Comments:

Each council is required to undertake a financial sustainability risk audit by the Victorian Auditor General's Office. The council is measured against seven indicators if they are deemed to be high, medium or low risk. This table displays the number of Council's high risk financial indicators as part of the annual financial audit.

Value of funding received from Victorian and Australian Governments to address critical regional issues

2014-15	2015-16	2016-17	2017-18	Trend
No data available	No data available	No data available	\$2.852 million	-

Comments:

This is the first year of reporting this indicator. In 2017-18, Council was able to receive funding to address critical regional issues for the Lakes Entrance Seawall Replacement, Glenaladale-Lindenow Bridge Replacement and the Buchan-Orbost Bridge Replacement projects.

LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

The Victorian Government's compulsory service measures for all Councils that are relevant to this goal are shown below:

Indicator measure	Results				Comments
	2014-15	2015-16	2016-17	2017-18	
Governance					
Transparency	18.45%	18.57%	26.85%	19.46%	Council believes in being open and transparent in its decision-making process. Throughout the past year, 23 of the 29 confidential resolutions made by Council were related to contractual matters, which must be confidential. Another contributing factor is the low delegation assigned to the Chief Executive Officer. Council is currently investigating options to increase the delegation so that it is in line with other municipalities. In the interests of transparency, Council commenced live streaming its meetings in 2018 and in May introduced a new process at meetings through which confidential issues are discussed in closed session but no decisions are made until the meeting is reopened to the public. The new process will result in a significant reduction of closed meeting decisions.
Council resolutions at meetings 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, 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					

Consultation and engagement	52	52	47	52	Council's efforts to increase transparency have continued with the live streaming of council meetings, citizenship ceremonies and civic events. An increased effort has been made in the social media space, including popular platforms such as Facebook, YouTube and Twitter which have been well received and utilised by the public as a communication and engagement tool.
<i>Satisfaction with community consultation and engagement</i>					
[Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]					
Attendance	92.36%	87.58%	94.44%	96.53%	
<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					
Service cost	\$64,992.56	\$51,303.11	\$50,058.44	\$52,986.14	The cost of service for 2016-17 was incorrectly reported last year, the figure in this table is correct and puts the 2017-18 result in line with previous results, factoring in the annual increment to councillor allowances.
<i>Cost of governance</i>					
[Direct cost of the governance service / Number of councillors elected at the last council general election]					

Satisfaction	53	49	50	51	The level of community satisfaction with Council decision-making has continued the trend of increasing by one index point again for 2018. Our survey results indicate that residents aged 18 - 34 years are generally more favourable of Council decisions, compared with other resident segments.
<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]					

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Media, Communications and Civic Events	This service oversees the organisation's external and internal communications for relevant stakeholders, on behalf of Council. It also provides in-house graphic design services. This service also conducts civic events to recognise, commemorate and celebrate prominent citizens, citizenship ceremonies and the successful delivery of significant Council programs, infrastructure and projects.	501 <u>557</u> 56



Council conducted three Citizenship Ceremonies, which saw 31 newly appointed citizens to the region. We also conducted the 2018 Australia Day Awards at Lakes Entrance.

Goal 4.3: Council is in a strong financial position and can provide for future generations of East Gippslanders.

New finance and payroll system implemented

The implementation of Council First as the new finance system was implemented from the commencement of the new financial year. The new system has brought about significant efficiency improvements for users. The system allows documentation for all purchases made by Council to be attached to transactions and viewed on screen. This is a significant improvement from the former paper-based system of record keeping for all purchasing documentation.

For payroll, the new system has saved each employee time when applying for and approving online timesheets and leave. What was once a 10-minute process to complete a leave request, send it off and have the leave approved, is now completed in around one minute. On average, there are 150-200 leave forms processed each fortnightly pay period (annual leave, personal leave, accrued day off leave etc). This equates to productivity savings of around 30 hours a fortnight for processing leave requests alone.



Council has commenced upgrading the technology in the meeting rooms throughout the organisation, with 19 completed.

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost
		Actual <u>Budget</u> Variance \$'000
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.	(8,851) <u>(3,927)</u> 4,924

GOOD GOVERNANCE – LOOKING FORWARD

- Develop and implement the Multi User List, a process which prequalifies suppliers who may wish to participate in future procurements with Council;
- Continue to facilitate the live streaming of Council meetings and appropriate events;
- Review the annual budget preparation processes and procedures;
- Extend the drone program to provide efficiencies in the collection of council assets and GIS data; and
- Strengthen communication regarding planned works.

Responsive services

We are a leading local government service provider. Our services are driven by the needs of our communities, residents and visitors. We put the customer first and give each customer a great experience of Council's services.

5.1 Is a leading local government service provider. Our services are driven by the needs of our communities, residents and visitors.

Communication Accessibility Program

The Communication Accessibility Program continues to operate through Customer Service Centres and Recreation Centres, providing tools for customers with special needs to be able to communicate with staff. This year saw the development of an online presentation/training package that was developed in conjunction with Scope Australia. The presentation is designed for customer service staff and is used to assist with improving communication with people with a disability.



Use REMPLAN, ID Profile, Atlas and Forecast to inform decision making regarding planning, service delivery and development

Two training sessions run by internal staff were run over 2018 to build capacity around the use of Profile Id as part of our daily practice. Community Profiles using Profile Id data have begun being developed in the Community Planning Unit.

It is anticipated that these profiles will assist staff across the organisation to have a better understanding of who makes up the East Gippsland community and the different needs of these communities.

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost Actual <u>Budget</u> 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.	(608) <u>344</u> 952
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.	3,812 <u>4,169</u> 357

5.2 We put the customer first and give each customer a great experience of Council's services

Upgrade corporate and public Wi-Fi technology

Successful upgrade of the corporate Wi-Fi technology at sites in Bairnsdale, Eagle Point, Paynesville, Mallacoota, Bruce Road Depot, Lakes Entrance and Orbost has improved mobility across the organisation and supported improved access to network resources.

The new public Wi-Fi system will provide community access to high-speed, filtered Internet at certain council sites. It has been activated at the Bairnsdale Library, Lakes Entrance Service Centre, Orbost Service Centre, Paynesville Service Centre, Bairnsdale and Lakes Entrance Visitor Information Centres, Bairnsdale Aquatic and Recreation Centre, Lakes Entrance Aquadome and the Forge Theatre and Arts Hub in Bairnsdale. Work is progressing across other Council sites including Mallacoota and Omeo Service Centres.



Utilise software to better improve our responsiveness to reducing risk of an emergency

Council has integrated the Crisis Works software with Intramaps so that it will show if a Fire Prevention Notice has been issued on a specific property. This project has been completed and is invaluable in that it provides frontline staff with the ability to ascertain where and when a fire prevention notice has been issued and effectively communicate this to customers, providing a better customer experience.

PROGRESS AGAINST MAJOR INITIATIVES

Major initiative 14 - Finalise the Business Systems Transformation

The Business Systems Transformation has identified several key improvement opportunities across key council applications. As part of the transformation, Council is currently in the process of implementing a new customer service contact centre software suite, a new learning management system, and new Human Resources information system platform.

The new core business systems which have been successfully implemented and operational as part of this major initiative include:

- **Asset Management system:** a minor upgrade of the to enable remote access for the Area Supervisors.
- **New customer service contact centre software suite:** implementation is 90 per cent complete.
- **Council First finance system:** This new finance system replaced the previous finance system which had reached end of product life. The new system provides a stable and secure finance platform with new features not previously provided, including employee modules, online timesheets, mobility, and an online approval system for procurement. Implementation of the new system has now been completed.
- **Skype for Business:** Council has successfully implemented a new unified communications system which supports a mobile and flexible workforce to achieve new efficiencies through powerful collaboration.
- **New Desktop Operating System:** Council has successfully upgraded over 95 per cent of the workforce to Microsoft Windows 10 and the new operating environment to support introduction of new business systems. The rollout of the new desktop operating system is nearing completion with only two sites remaining.

Business systems transformation will continue through the implementation of the digital strategy, with a focus on upgrading or replacing council's remaining legacy systems.



Major initiative 15 - Undertake Service Planning to establish service levels and community expectations

The Strategic Owner Model has been reviewed and work is underway to transition the organisation from the Strategic Owner Model to the Service Manager Model. The transition will be staged over two to three years and will include a review of all services, classification and redefining of some services, implementation of change in position descriptions and level of responsibility where required to reflect the needs of the services, budget allocation and management of long term financial requirements of services.

This work will form the basis for an ongoing Service Planning cycle in addition to Service Reviews.

Work has also commenced with the Customer Experience Unit to identify high priority / high value processes, along with customer journey mapping, which will help to inform service levels and community expectation and form baseline data for Service Planning.

Major initiative 16 - Implement the Digital Strategy

The Draft Digital Strategy was amended and will be presented to Executive Group on 9 July and then intended to go to the next Council meeting for adoption. With appropriate approval, the Digital Strategy will commence in 2018-19.

Work has commenced on the development of a detailed project plan which will identify the sequence and timeframes for upgrading the organisation's legacy systems. This project plan, which forms part of goal one in the Draft Digital Strategy, is due for completion in 2018-19. Individual measures for each system upgrade will be obtained and documented as the system upgrades occur.

Major initiative 17 - Develop a Customer Service Strategy

Customer Service Survey was put out on Your Say in July 2017 to help Council understand our customers' priorities and preferences in order to develop a Customer Service Strategy based on feedback. Council received 400 survey responses.

The draft strategy and associated action plan are being finalised and will be submitted to Council seeking approval to release the document for community consultation prior to being adopted in the July 2018 Council meeting. It was identified that there were a lot of synergies in the implementation of the strategy with the development and implementation of the Digital Strategy. The links between the strategies are currently being identified to provide a more accurate action plan and staged implementation.



STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Increase in digital transactions for payments

2014-15	2015-16	2016-17	2017-18	Trend
No data	No data	No data	205,516	-

Comments:

This is the first year that we have reported this measure.

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Customer and Civic Services	This service acts as the main customer interface with the community. They provide accessible, high-quality customer service at Council's Corporate and Service Centres, which connects people to Council services and general information.	2,258 <u>2,624</u> 366
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.	(340) <u>(307)</u> 33

5.3 East Gippsland Shire Council is a great place to work

Cross Cultural Awareness video

Council has developed an online presentation of Cross Cultural Awareness that serves as an information source for staff, volunteers and Councillors to use. The presentation consists of Aunty Dr Doris Paton doing the Welcome to Country, providing an overview of the local Aboriginal history, background to the local languages and details of local reconciliation initiatives. The second part of the footage is with Rob Hudson from the Keeping Place discussing the local history and significance of the history to the local community. This presentation is now used during staff inductions. The presentation has been deliberately produced in a way that allows it to be customised to other businesses, meaning more organisations can include cultural awareness training for staff in a cost-effective way. Several large East Gippsland employers are already looking to adapt this presentation to their organisations.



School Based Traineeship Program

Council has three Aboriginal School Based Trainees working across different areas of Council. There were four Aboriginal School Based Traineeship positions advertised in 2018, with positions at the Bairnsdale Aquatic and Recreation Centre, Lakes Entrance Aquadome, Eagle Point Caravan Park and Community Programs. This was in addition to Council's current Trainee with the Parks and Gardens team who is nearing completion of the traineeship.

Fitness for work

A draft policy has been developed and reviewed by the Staff Consultative Committee and the Australian Services Union Organiser. Guidelines are now being developed to accompany the policy to assist supervisors and managers assess their staff's fitness for work. Forty-three supervisors and managers attended Strategic Injury Management training, which will cover some of the content of the Fitness for Work policy in preparation for its distribution.

Council's pre-employment medical assessments have been reviewed and updated to include drug and alcohol testing, as well as a medical assessment of the applicant's fitness to undertake the role. Council has updated the process by using a preferred provider for the majority of assessments which assists with reducing administration time in coordinating the bookings and the consistency in the assessment and reporting.

Facility Emergency Evacuation plan

A standard Facility Emergency Evacuation plan template has been finalised, and is being customised and sent out to all Council occupied facilities, according to the facility inspection timetable. Due to the varying standards of Emergency Evacuation Plan diagrams used historically, a large amount of time is required to bring some of the plans up to an acceptable and current standard. A highlight was that the Emergency Management Evacuation plan for the Mallacoota Caravan park was also successfully updated in collaboration with the Country Fire Authority.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Percentage of council's workforce that are of Torres Strait Islander and Aboriginal heritage

2014-15	2015-16	2016-17	2017-18	Trend
No data available	No data available	No data available	No data available	-

Comments:

Council does not record this data

COST OF OUR SERVICES

The following statement provides information about the services funded in the 2017-18 budget:

Business area	Description of services provided	Net Cost	Actual
		<u>Budget</u>	<u>Variance</u> \$'000
Human Resources	Through this service Council provides human resource and industrial relations services dedicated to ensuring Council's workforce operates efficiently and effectively within a framework that encourages innovation and continuous improvement.	1,159 <u>1,492</u>	333
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.	273 <u>155</u>	(118)
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.	974 <u>1,196</u>	222

RESPONSIVE SERVICES – LOOKING FORWARD

- Use social media analytics to improve communication and engagement with the community;
- Review payment options for all customers with the aim to have options available online and easy to use;
- Facilitate year one of the Information Management Strategy 2018-2021
- Implement the Digital Strategy;
- Implement the Customer Service Strategy; and
- Implement the Municipal Association of Victoria Workcare OHS program.

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 *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. Community members are welcome to attend and observe from the gallery. From 2018 all council meetings have been live streamed, with a video archive available following the meeting for community members to watch at a time convenient to them. 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 2017-18:

- 11 Ordinary Council Meetings
- 5 Special Council Meetings
- 4 Planning Consultation Meetings

Council agendas and minutes

The business to be considered by Council is set out in an agenda, which is available from 1.00 pm on the Friday before the meeting at the Council's Customer Service and Outreach Centres and website. All resolutions made at each Council meeting are recorded. Council minutes can be viewed in the same locations as the agenda.

Council meeting attendance

The following table provides a summary of Councillor attendance at Council meetings and Special Council meetings for the 2017-18 financial year.

Councillor	Ordinary Council Meeting	Special Council Meeting
Cr Ben Buckley	10	4
Cr Richard Ellis	11	5
Cr Natalie O'Connell	11	5
Cr Marianne Pelz	10	5
Cr Mark Reeves	11	4
Cr Joe Rettino	11	5
Cr Jackson Roberts	11	5
Cr Colin Toohey	11	5
Cr John White	10	5

Councillor allowances

Under section 74 of the *Local Government Act 1989*, Councillors are entitled to receive an allowance while performing their duty. 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. East Gippsland is recognised as a category two council.

From 1 July to 30 November 2017 the councillor annual allowance for a category two Council was \$24,730 per annum and the allowance for the Mayor was \$76,521 per annum.

The Minister for Local Government approved an annual adjustment of 2.0 per cent to take effect as from 1 December 2017. From that date, the annual allowances were \$25,225 per annum for the Councillor allowance and \$78,051 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.

Councillor	Allowance \$
Cr Ben Buckley	25,013
Cr Richard Ellis	27,313
Cr Natalie O'Connell	27,313

Cr Marianne Pelz	27,313
Cr Mark Reeves	27,313
Cr Joe Rettino	84,510
Cr Jackson Roberts	27,313
Cr Colin Toohey	27,313
Cr John White	27,313

Under 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.

Councillor	Remote travel \$	Conferences and training \$	Office expenses \$	Vehicle \$
Cr Ben Buckley	1,440	273	1,649	13,862
Cr Richard Ellis		11,735	1,853	13,635
Cr Natalie O'Connell		5,446	698	13,635
Cr Marianne Pelz	400	4,987	1,219	13,635
Cr Mark Reeves		704	1,409	13,635
Cr Joe Rettino		13,403	1,082	13,635
Cr Jackson Roberts		207	689	13,635
Cr Colin Toohey		2,159	912	13,635
Cr John White		2,057	890	13,635
Total	\$1,840	\$40,972	\$10,401	\$122,942

Office Expenses include Telephone and Stationery

Conferences and Training includes related accommodation and travel expenses

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 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.

The 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.

The Code describes what constitutes ethical behaviour for East Gippsland Shire Council; as well as 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 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.

Advisory Committees

Committee	Councillors	Officers	Other	Purpose
Audit and Risk Committee	3	0	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	1	1	12	To provide advice on things that matter to people with a disability in the region. It seeks to maximise the contribution being made by Council and its partners by working with a common agenda to create a more inclusive and accessible East Gippsland.
Economic Development Advisory Board	2	3	7	To recommend actions to Council that support economic and tourism activities in the municipality.
Marina Consultative Committee	2	5	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	4	7	To provide advice, guidance and recommendations to Council on the need for existing and emerging services, and overall sustainable management of Council's livestock exchange business.
Municipal Emergency Management Planning Committee	1	3	35	To develop and maintain the Municipal Emergency Management Plan and provide a municipal level forum to build and sustain organisational partnerships.

Audit and Risk Committee

The Audit and Risk 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 Charter, in order to assist Council decision-making.

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

In 2017-18 the Audit and Risk Committee members were:

- Michael McStephen (Chair)
- Dr Christopher Shields
- Cathy Healey (from November 2017)
- Christine Wrench
- Cr Joe Rettino, Mayor
- Cr Marianne Pelz
- Cr John White

The Audit and Risk Committee meets four times a year with an additional special meeting called each year to consider the audited financial statements. Following each 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 and aims 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 and Risk Committee regularly throughout the year.

Where improvements are identified action plans are developed, responsible officers are assigned, and timeframes are set. A report, tracking progress and highlighting any outstanding actions, is tabled at each Audit and Risk Committee meeting.

During 2017-18, the internal auditor reviewed the following systems and procedures:

- Information Technology Strategy
- Business Continuity Planning / IT Disaster Recovery Planning
- Accounts Payable and Procurement

External audit

Council is externally audited by the Victorian Auditor-General. For the 2017-18 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative, DMG Audit and Advisory.

The external auditors attend Audit and Risk 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 and Risk 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 corporate and operational risks to its operations.

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

Council's key objectives are the protection of its people, assets, reputation and services that meet customer expectations. Effectively identifying and managing risks will help Council achieve these outcomes.

Risk management projects and objectives are also 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.

Insurances

Municipal Association of Victoria (MAV) Liability Mutual Insurance

Council has received services, advice and workshops on property (asset) maintenance and protection, liability and claims, and tree management services in 2017-18 as part of the continual improvement model supported by our insurers. Council also underwent a compliance review in 2017-18 on its liability exposures and scored 84%.

Jardine Municipal Asset Protection Plan

Council continues to insure its property assets with appropriate property values.

Insurance Claims Management

Major claims are reported to Council's Audit and Risk Committee for review quarterly with minor claims reported annually.

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: 12 December 2017	✓
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)	Adopted in accordance with section 126 of the Act Date of adoption: 26 June 2018	✓
4 Annual Budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act Date of adoption: 26 June 2018	✓
5 Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	No plans Reason for no plans: The draft Asset Management Plans require updating and reworking, and will be completed as a future action.	☒
6 Rating strategy (strategy setting out the rating structure of council to levy rates and charges)	Strategy Date of operation of current strategy: 6 February 2018	✓
7 Risk policy (policy outlining council's commitment and approach to minimising the risks to council's operations)	Policy Date of operation of current policy: 1 August 2017	✓

Governance and Management Items	Assessment	
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> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> Date of approval: 12 December 2017	✓
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: 28 February 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 Date of operation of current framework: 25 July 2017	✓
14 Audit and Risk 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	✓

Governance and Management Items	Assessment	
15 Internal audit (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Engaged Date of engagement of current provider: 1 April 2013	✓
16 Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Framework Date of operation of current framework: 1 July 2017.	✓
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)	Report provided. Reported in the Report of Operations that was adopted on 10 October 2017 and the mid-year report presented to Executive Group	✓
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: 12 September 2017, 21 November 2017, 6 February 2018 and 1 May 2018	✓
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 and Risk Committee. Date statements presented: 25 July 2017, 21 November 2017, 27 February 2018 and 24 April 2018	✓
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)	Report provided. Reported in the Report of Operations that was adopted on 10/10/2017 and the mid-year indicators were presented to Executive Group	✓

Governance and Management Items	Assessment	
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: 10 October 2017	✓
22 Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	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 members of staff – 3 April 2018 Council to Chief Executive Officer – 3 October 2017	✓
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: 12 December 2017	✓

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



Gary Gaffney

Chief Executive Officer

Dated: 25 September 2018



Cr Joe Rettino

Mayor

Dated: 25 September 2018

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.

Application forms are available on the forms section of Council's website, at Council's Customer Service Centres, or by contacting Council on (03) 5153 9500.

Council received 15 applications during the reporting year 2017-18.

	2017-18	2016-17	2015-16	2014-15	2013-14
New applications / requests	15	16	15 ¹	23	19
Access granted in full	4	1	3	11	1
Access granted in part	8	9	7	8	15
No documents existed in the requested form/ Act does not comply	0	0	2	2	1
Access denied	1	3	0	0	0
Withdrawn	3	1	0	2	0
Requests outstanding at end of financial year	1	2	2	0	2
Internal reviews	n/a	n/a	n/a	0	0
Reviews by Freedom of Information Commissioner	1	2	0	1	0
Appeals lodged with VCAT	0	0	0	0	0
Fees collected	\$369.20	\$418.50	\$408.00	\$583.00	\$488.30
Fees waived	\$28.40	0	0	\$26.50	0
Charges collected	\$265.30	\$271.90	\$102.00	\$139.20	\$200.00

¹ Documents were provided outside the Act for several requests

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 Policy and Procedures are available from Council's website, eastgippsland.vic.gov.au/policies and 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 2018.

Privacy and Data Protection Act

The *Privacy and Data Protection Act 2014*, 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 Information Privacy Policy is available at eastgippsland.vic.gov.au/policies.

During the 2017-18 year, Council received no complaints relating to information privacy.

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 2017 to 30 June 2018 in respect to:

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

Best Value Victoria

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

Council continues to communicate with the community in a range of ways, including community forums, weekly advertisements, 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. In 2017-18 Council reviewed the scope of its services. Through this process some new services have been identified and the scope of some others adjusted. This work will form the basis for Service Planning to commence in 2018-19.

Local Laws

The General Local Law 2017 was adopted by Council at its Ordinary Council Meeting in December 2017. It was gazetted on 25 January 2018.

The key changes to the General Local Law include:

- Prohibition of the consumption of liquor in public in the Buchan Central Activity District as requested by Victoria Police to address anti-social behaviour.
- The ability to impound any article or thing on Council land or Council managed land such as shopping trolleys, boats, etc. This is necessary to ensure breaches and safety concerns can be rectified immediately while the matter is being investigated.
- Removal of local laws associated with anti-social behaviour on the Raymond Island Ferry; this is a Victorian Police responsibility.

Domestic Animal Management Plan

The *Domestic Animals Act 1994* requires Council to prepare a Domestic Animal Management Plan every four years.

The plan 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's completed the following actions during the year:

- Audited and updated enforcement signs in high volume dog walking areas, particularly foreshore areas;
- Prepared and delivered responsible pet ownership courses to schools, specifically targeting students who own or may in the future own pets;
- Increased promotion of pet ownership responsibilities to the community through traditional and social media.

Year	Animal impoundments	Reclaimed	Adopted	Euthanised	Transferred to Animal Aid Coldstream ¹
2017-18	770	264	325	128	114
2016-17 ²	900	401	400	151	120
2015-16	923	314	347	151	108
2014-15	940	353	314	191	105
2013-14	854	243	286	206	119

¹ – Coldstream is the headquarters of Animal Aid, Council's Pound services contractor

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

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 Directions

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*, a council that is a collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind, and publish this report in its Annual Report.

For the 2017-18 year the following information about infrastructure and development contributions is disclosed.

Council did not receive any developer contributions from DCP overlays in 2017-18. Council did not collect any Community Infrastructure Levies or payments in lieu of parking during the financial year.

Council received \$64,859 as Payment in Lieu for Public Open Space. The breakdown of payments is detailed below:

Planning Permit	Address	Town	Contributions received \$
221/2017/P	29 Dwyer Street	Wy Yung	16,250
386/2010/P	109 Gladstone Street	Orbost	4,000
33/2013/P	45-49 Drevermann Street	Bairnsdale	2,273
29/2017/P	160A Mittons Road	Hillside	4,336
352/2016/P	10 Coralyn Drive	Swan Reach	15,000
186/2017/P	711 Lanes Road	Lucknow	7,500
63/2017/P	44 Morton Drive	Eastwood	12,500
30/2017/P	16 Swan Street	Bairnsdale	3,000

Provision of infrastructure – (Planning Permit condition): Works accepted in-kind in 2017-18

Development	Value of contributed infrastructure
Bearham Chase Stage 1, Kings Cove	388,264.00
95 Nicholson Sarsfield Road, Stage 2	202,420.00
24 Howitt Avenue, Eastwood	194,039.41
22-24 Milton Ave, Paynesville	155,189.81
85 Hardys Road, Metung Stage 1	390,995.00
27 MacLure Drive, Stage 4	358,563.00
Total	1,689,471.22

Donations and 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 \$
Raymond Island Community Garden Group	5,000
Save the Children Australia	5,000
Nicholson Angling Club	3,830
Buchan Recreation Reserve Committee of Management	5,000
Nowa Nowa Community Development Group	1,200
Mallacoota Preschool	3,000
Swan Reach Primary School	500
Rotary Club of Orbost	2,500
Swifts Creek Bush Nursing Centre	3,000
Mallacoota and District Lions Club	1,350
Paynesville Business and Tourism Association	2,500
Raymond Island History Group	3,940
St Andrews Uniting Church Orbost	1,400
Toorloo Arm Primary School Parents and Friends	500
Bairnsdale and District Agricultural Society	3,910
Nowa Nowa Hall Committee	685
Clifton Creek Primary School	754
Buchan Neighbourhood House	845
Omeo Historical Society	2,376
Orbost Education Centre	1,000
Glenaladale Recreation Reserve Committee of Management	1,567
Benambra Neighbourhood House	1,600

Bairnsdale Mens Shed	1,656
Friends of Metung Inc	2,000
Swifts Creek Recreation Reserve Committee of Management	2,000
Anglican Trusts Corporation of The Diocese of Gippsland	2,380
Cann River Community Centre Inc	2,500
Crashendo! Bairnsdale	3,000
East Gippsland United Football Club	2,000
Victoria Axemens Council Inc	3,500
Moogji Aboriginal Council East Gippsland Inc	4,000
Gippsland East Local Learning and Employment Network	4,000
Ensay Angling Club Incorporated	4,250
Omeo Agricultural and Pastoral Society	4,926
Nowa Nowa Camping and Recreation Reserve	5,000
Lions Club of Paynesville Inc	5,000
Total	\$97,669

Regional and District Events Sponsorship

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 participate as members of the program's assessment panel, providing external stakeholder input.

Event	Amount \$
X-Marathon Adventure Race	5,000
Tambo Valley Producers Dinner	3,000
Australian Beach Games	5,000
Tour of East Gippsland 2017	2,501
Lakes Entrance New Year's Eve Fireworks	5,000
Lakes Entrance Australia Day Woodchop	3,000
East Gippsland Field Days	4,000
Omeo High Country Caravan and RV Muster	4,000
2017 Bream Vic Classic Series	3,000

Victorian Beach Netball Competition	5,000
Lakes Country Cruise	4,000
Hooked on Lakes	4,000
Bairnsdale Field and Game Association Riviera Classic	1,000
Field & Game Australia National Carnival	1,000
X-Terra Off-Road Triathlon Victoria Championship East Gippsland	10,000
Australian Outrigger Canoe Racing 2017 National Marathon Titles	5,000
The Paynesville Classic Boat Rally	8,000
Metung Family Friendly Film Nights	2,475
Frouteville 2018	4,000
East Gippsland Challenge	10,000
2018 Prince Phillip Cup	3,000
Alpine Rally of East Gippsland	3,000
Week of Bowls Carnival	1,000
East Gippsland Beef Conference	5,085
2018 Dog Show	1,000
Twin Rivers Business and Tourism Association Bream Classic	2,000
Bairnsdale Comedy Festival	3,000
Total	\$107,061

Committees of Management

Organisation	Amount \$
A J Freeman Reserve, Paynesville	4,002
Bairnsdale City Oval	8,578
Bemm River Community Recreation Centre	2,423
Bemm River Recreation Reserve	1,392
Benambra Memorial Recreation Reserve	2,869
Bendoc Hall and Recreation Reserve	1,686
Bengworden Hall	1,101
Bonang Hall	655
Bruthen Mechanics Hall	2,499
Bruthen Recreation Reserve	5,654
Buchan Mechanics Hall	1,552

Buchan Recreation Reserve	3,612
Bullumwaal Mechanics Institute	938
Cabbage Tree Creek Hall	884
Cann River Community Centre	3,406
Cann River Hall & Recreation Reserve	2,831
Cassilis Recreation Reserve	1,305
Clifton Creek Hall and Recreation Reserve	1,292
Club Terrace Community Reserve	903
Combienbar Hall	770
East Gippsland Rail Trail Committee	500
Ensay Mechanics Institute	1,239
Ensay Recreation Reserve	2,400
Evelt Park, Lakes Entrance	2,848
Fernbank Public Hall Reserve	1,043
Flaggy Creek Hall and Recreation Reserve	938
Genoa Public Hall	1,822
Genoa Sports Club	818
Glen Valley Hall	938
Glenaladale Recreation Reserve	1,524
Goongerah Hall Reserve	2,799
Harry Clues Memorial Park	1,355
Hillside - Rosehill Recreation Reserve	938
Hinnomunjie Recreation Reserve	2,760
Howitt Park, Bairnsdale	4,758
Johnsonville Public Hall	1,745
Lake Omeo Reserve	1,287
Lake Tyers Beach Hall	1,165
Lake Tyers Beach Recreation Reserve	916
Lakes Entrance Recreation Reserve	13,777
Lakes Entrance Youth and Recreation Centre	9,704
Lindenow Memorial Hall Reserve	2,275
Lindenow South Recreation Reserve	3,576
Lindenow Sports Ground	9,668
Lucknow Hall	2,573
Lucknow Recreation Reserve	7,726

Mallacoota Hall and Recreation Reserve	6,842
Mossiface Hall	1,090
Noorinbee Public Purposes Reserve	828
Nowa Nowa Public Hall	826
Nowa Nowa Recreation Reserve	973
Omeo Recreation Reserve	7,779
Omeo Soldiers Memorial Hall	2,214
Picnic Point Hall	2,902
Raymond Island Community Hall	1,823
Sarsfield Recreation Reserve	2,714
Swan Reach Recreation Reserve	8,087
Swifts Creek Hall	2,662
Swifts Creek Recreation Reserve	2,624
Tambo Upper Hall and Recreation Reserve	1,313
Tubbut Hall	1,015
Wairewa Hall and Recreation Reserve	1,117
West Bairnsdale Oval	4,963
Wulgulmerang Recreation Reserve	1,363
Wy Yung Hall William McBriar Reserve	1,576
Wy Yung Recreation Reserve	4,483
Total	\$186,642

Other Contributions and Donations

Organisation	Amount \$
Cycling Victoria - 2018 Master Road National Championships	20,000
Sports Marketing Australia - Australian Beach Games	2,200
Sports Marketing Australia - Beach Netball	2,200
Sports Marketing Australia - Cycling Vic Tour of East Gippsland	2,200
Sports Marketing Australia - X-Marathon 2018	2,200
Victorian Netball Association - Victorian Beach Netball Competition	5,000
East Gippsland Food Cluster - Feast on East @ Metung	4,000
Gippsland Lakes Fishing Club Inc - Victorian Game Fishing Tournament	1,000
Mountain Cattlemen's Association of Victoria - 2018 Get Together Omeo	6,000

Cycling Victoria - Tour of East Gippsland	4,151
Sports Marketing Australia - AOCRA National Marathon Championships	2,200
Sports Marketing Australia - X-Terra Victorian Championships	2,200
Sports Marketing Australia - 2017 Golf Victoria Men's and Women's Senior Amateurs	2,200
Sports Marketing Australia - 2017 Tennis Victoria Junior Event	2,200
Rotary Club of Mitchell River - 2018 Paynesville Food Van Fiesta	3,400
Tennis Victoria - Tennis Victoria Junior Tour Tournament	2,500
Elite Energy - 2017 X-Terra Sponsorship	5,000
AJ Events - X-Marathon Adventure Race	5,000
Lakes Entrance Action and Development Assoc, - New Year's Eve Fireworks	5,000
Total	\$78,651

Memberships

Organisation	Amount \$
Aquatics and Recreation Victoria Inc	627
Australian Airports Association Membership	2,050
Australian Coastal Councils Association	2,586
Australian Institute of Company Directors	1,023
Certified Practicing Accountants	2,684
Children's Book Council	85
Committee for Gippsland	10,000
Economic Development Association	364
Eden Visitor Information	84
Environmental Health Professionals Australia	641
FinPro	660
Immunisation Nurses Group	36
Inter-council for Local Environmental Initiatives	975
Keep Australia Beautiful	455
LG Infrastructure Design Association	3,000
LG Professionals	2,452
Marine Industries Association	1,064
Municipal Association of Victoria	32,840

National Saleyards Quality Assurance	510
Our Community Pty Ltd	364
Planning Enforcement Association	70
Play Australia	296
RACV Club	1,037
Rail Freight Alliance	3,000
Revenue Managers Association	400
Risk Management Institute	300
Rural Councils Australia	3,000
South East Australian Transport Strategy Inc	6,354
Star Ratings Australia	607
Sustainability Gippsland	500
Tax Ed	1,359
VicSport	364
Victorian Association of Performing Arts	1,023
Victorian Municipal Building Surveyors Group	1,569
Victorian Planning & Environmental Law Association	200
Waste Management Association	710
Watch Around Water	491
Total	\$83,778

Section Seven: Financial Performance

East Gippsland Shire Council

Financial Report

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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 : 11 September 2018
Bairnsdale

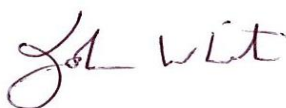
In our opinion the accompanying financial statements present fairly the financial transactions of East Gippsland Shire Council for the year ended 30 June 2018 and the financial position of the Council as at that date.

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

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



Councillor Joe Rettino
Councillor
Date : 11 September 2018
Bairnsdale



Councillor John White
Councillor
Date : 11 September 2018
Bairnsdale



Gary Gaffney
Chief Executive Officer
Date : 11 September 2018
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 2018 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. 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, disclosing, as applicable, matters related to 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
12 September 2018



Tim Loughnan
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Income			
Rates and charges	2.1	54,893	52,866
Statutory fees and fines	2.2	2,066	1,972
User fees	2.3	11,428	10,933
Grants - operating	2.4	16,617	22,959
Grants - capital	2.4	12,337	6,737
Contributions - monetary	2.5	164	345
Contributions - non monetary	2.5	499	2,423
Fair value adjustments for investment property	5.2	(8)	(8)
Other income	2.7	5,315	3,836
Total income		103,311	102,063
Expenses			
Employee costs	3.1	28,171	27,153
Materials and services	3.2	33,537	32,881
Depreciation and amortisation	3.3	21,705	22,962
Bad and doubtful debts	3.4	227	156
Net loss on disposal of property, infrastructure, plant and equipment	2.6	2,685	5,071
Borrowing costs	3.5	434	549
Other expenses	3.6	1,428	1,134
Total expenses		88,187	89,906
Surplus/(deficit) for the year		15,124	12,157
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	8.1	170,599	-
Total comprehensive result		185,723	12,157

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

Balance Sheet As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	27,259	30,725
Trade and other receivables	4.1	8,304	6,414
Other financial assets	4.1	26,250	9,750
Other assets	4.2	1,056	886
Total current assets		62,869	47,775
Non-current assets			
Trade and other receivables	4.1	572	691
Property, infrastructure, plant and equipment	5.1	1,051,136	881,972
Investment property	5.2	1,138	1,172
Intangible assets	4.2	1,062	1,693
Total non-current assets		1,053,908	885,528
Total assets		1,116,777	933,303
Liabilities			
Current liabilities			
Trade and other payables	4.3	4,338	4,335
Trust funds and deposits	4.3	1,649	1,432
Prepaid Income	4.6	215	207
Provisions	4.5	10,800	9,040
Interest-bearing liabilities	4.4	1,853	680
Total current liabilities		18,855	15,694
Non-current liabilities			
Prepaid Income	4.6	921	1,092
Provisions	4.5	7,326	10,714
Interest-bearing liabilities	4.4	4,077	5,929
Total non-current liabilities		12,324	17,735
Total liabilities		31,179	33,429
Net assets		1,085,598	899,874
Equity			
Accumulated surplus		352,148	337,006
Reserves	8.1	733,450	562,868
Total Equity		1,085,598	899,874

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

Statement of Changes in Equity For the Year Ended 30 June 2018

2018	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year	899,874	337,006	561,893	975
Surplus/(deficit) for the year	15,124	15,124	-	-
Net asset revaluation increment/(decrement)	170,599	-	170,599	-
Transfers to other reserves	-	(84)	-	84
Transfers from other reserves	-	101	-	(101)
Balance at end of the financial year	1,085,598	352,148	732,492	958

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

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 2018

		2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		54,516	52,869
Statutory fees and fines		1,904	1,797
User fees		10,763	11,626
Grants - operating		16,617	22,959
Grants - capital		12,337	6,737
Contributions - monetary		498	597
Interest received		1,082	946
Trust funds and deposits taken		7,524	9,962
Other receipts		4,477	3,416
Net GST refund/(payment)		1,709	2,391
Employee costs		(27,787)	(27,046)
Materials and services		(37,830)	(39,494)
Trust funds and deposits repaid		(7,307)	(10,294)
Other payments		(1,569)	(1,247)
Net cash provided by/(used in) operating activities	8.2	36,934	35,219
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(23,524)	(22,777)
Proceeds from sale of property, infrastructure, plant and equipment		737	778
Payments for investments		(16,500)	(6,250)
Net cash provided by/(used in) investing activities		(39,287)	(28,249)
Cash flows from financing activities			
Finance costs		(434)	(559)
Repayment of borrowings		(680)	(1,805)
Net cash provided by/(used in) financing activities		(1,114)	(2,364)
Net increase (decrease) in cash and cash equivalents		(3,466)	4,606
Cash and cash equivalents at the beginning of the financial year		30,725	26,119
Cash and cash equivalents at the end of the financial year		27,259	30,725
Restrictions on cash assets	4.1		
Financing arrangements	4.7		

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 2018

	2018 \$'000	2017 \$'000
Property		
Land	16	208
Total land	<u>16</u>	<u>208</u>
Buildings	2,470	3,702
Total buildings	<u>2,470</u>	<u>3,702</u>
Total property	<u>2,486</u>	<u>3,910</u>
 Plant and equipment		
Plant, machinery and equipment	1,608	2,337
Fixtures, fittings and furniture	421	534
Computers and telecommunications	336	822
Library books	252	286
Total plant and equipment	<u>2,617</u>	<u>3,979</u>
 Infrastructure		
Roads	6,378	6,802
Bridges	4,848	4,537
Footpaths and cycleways	660	837
Drainage	869	740
Recreational, leisure and community facilities	1,899	1,657
Waste management	708	520
Parks, open space and streetscapes	1,041	141
Aerodromes	-	18
Off street car parks	55	215
Other infrastructure	783	347
Total infrastructure	<u>17,241</u>	<u>15,814</u>
 Total capital works expenditure	<u>22,344</u>	<u>23,703</u>
 Represented by:		
New asset expenditure	3,338	3,038
Asset renewal expenditure	15,005	19,947
Asset expansion expenditure	-	16
Asset upgrade expenditure	4,001	702
Total capital works expenditure	<u>22,344</u>	<u>23,703</u>

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

OVERVIEW

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 (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

(a) Basis of accounting

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

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

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

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

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.

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$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 27/06/2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Variance 2018 %	Ref
Income					
Rates and charges	54,437	54,893	456	1	
Statutory fees and fines	1,618	2,066	448	28	1
User fees	11,099	11,428	329	3	
Grants - operating	8,658	16,617	7,959	92	2
Grants - capital	10,467	12,337	1,870	18	3
Contributions - monetary	357	164	(193)	(54)	4
Contributions - non monetary	2,000	499	(1,501)	(75)	5
Fair value adjustments for investment property	-	(8)	(8)	0	
Other income	5,728	5,315	(413)	(7)	
Total income	94,364	103,311	8,947		
Expenses					
Employee costs	27,425	28,171	(746)	(3)	6
Materials and services	34,817	33,537	1,280	4	7
Depreciation and amortisation	23,184	21,705	1,479	6	8
Bad and Doubtful Debts	14	227	(213)	(1,521)	9
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	2,685	(2,685)	0	10
Borrowing costs	445	434	11	2	
Other expenses	1,213	1,428	(215)	(18)	11
Total expenses	87,098	88,187	(1,089)		
Surplus/(deficit) for the year	7,266	15,124	7,858		
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods					
Net asset revaluation increment/(decrement)	-	170,599	170,599		12
Total comprehensive result	7,266	185,723	178,457		

Variance Ref	(i) Explanation of material variations Item	Explanation
1	Statutory Fees and fines	Statutory planning fees were \$268K greater than budget as a result of the level of development activity. There was \$38K of unbudgeted income received for Failure to Vote fines relating to the 2016 municipal election. Animal registration fees also exceeded budget by \$101K as a result of proactive follow up by Community Laws.
2	Grants - Operating	The Victoria Grants Commission 50% advance of the 2018/19 grant of \$7.5M was received in June 2018. This was not included in the budget.
3	Grants - Capital	Following a successful grant application, \$1.3M was received for the replacement of the Esplanade Seawall in Lakes Entrance. This grant was not included in the adopted budget. The Bairnsdale Aquatic and Recreation Centre multi year redevelopment project had a budgeted income of \$2M for 2017/18; but as a result of the timing of the grant payment \$2.7M was received in the 2017/18 year.
4	Contributions - Monetary	The actual monetary contributions varied from budget as a result of the timing of a number of small projects.
5	Contributions - non monetary	Only \$499K of contributed assets were received during the year against a budget of \$2M. Developer contributed assets vary from year to year depending on subdivision activity.
6	Employee costs	The budget for the workcover premium was \$1.007M; but the actual premium paid was \$691K, a savings of \$316K. Also as a result of the delay of some capital and landfill projects a net \$952K of budgeted capitalised wages and overheads was not able to be allocated to projects.
7	Materials and services	\$3M was budgeted in maintenance and other services to complete natural disaster funded works. The actual cost for completing these works using contractors was only \$312K and this accounts for \$2.7M of the variance.
8	Depreciation and amortisation	Depreciation expenses were \$1.479M less than the budget. This was in part due to the delay in completing some major capital projects during the year. There was also a reduction in depreciation expenses as a result of the revaluation of infrastructure assets and the reassessment of remaining useful lives.
9	Bad and doubtful debts	A review of caravan park debts, local law infringements and special charge scheme debts increased the actual expenses for the year.
10	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	A number of infrastructure assets were required to be written off. The most significant was \$1.8M for bridges as a result of successful grant funding that brought forward the replacement of these bridges. There were also costs that were assessed as not meeting the criteria for capitalisation and were written out of assets.
11	Other expenses	Legal expenses exceeded the budget by \$266K. \$151K of legal expenses for rates debt recovery was budgeted in materials and services rather than other expenses. Planning legal costs exceeded budget by \$66K as a result of planning matters that arose during the year.
12	Net asset revaluation increment/(decrement)	The revaluation of infrastructure assets had been included in the 2016/17 budget. A decision was made at the end of the 2016/17 year to undertake the revaluation in the 2017/18 year.

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Variance 2018 %	Ref
Property					
Land	-	16	16		
Total Land	-	16	16		
Buildings					
Buildings	2,674	2,470	(204)	(8)	
Total Buildings	2,674	2,470	(204)		
Total Property	2,674	2,486	(188)		
Plant and Equipment					
Plant, machinery and equipment	2,282	1,608	(674)	(30)	1
Fixtures, fittings and furniture	120	421	301	251	2
Computers and telecommunications	1,774	336	(1,438)	(81)	3
Library books	250	252	2	1	
Total Plant and Equipment	4,426	2,617	(1,809)		
Infrastructure					
Roads	8,663	6,378	(2,285)	(26)	4
Bridges	4,606	4,848	242	5	
Footpaths and cycleways	634	660	26	4	
Drainage	852	869	17	2	
Recreational, leisure and community facilities	3,675	1,899	(1,776)	(48)	5
Waste management	4,472	708	(3,764)	(84)	6
Parks, open space and streetscapes	4,779	1,041	(3,738)	(78)	7
Off street car parks	-	55	55		
Other infrastructure	780	783	3	0	
Total Infrastructure	28,461	17,241	(11,220)		
Total Capital Works Expenditure	35,561	22,344	(13,217)		
Represented by:					
New asset expenditure	9,940	3,338	(6,602)		
Asset renewal expenditure	20,870	15,005	(5,865)		
Asset expansion expenditure	870	-	(870)		
Asset upgrade expenditure	3,881	4,001	120		
Total Capital Works Expenditure	35,561	22,344	(13,217)		

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Plant, machinery and equipment	A delay in the delivery of a new street sweeper accounts for the majority of this variance. The street sweeper will be delivered early in the 2018/19 year. The balance of the variance relates to vehicles that will be purchased early in 2018/19.
2	Fixtures, fittings and furniture	There were a number of projects that included fixtures and fittings and the costs were transferred from various projects in other classifications to the correct classification of fixtures, fittings and furniture.
3	Computers and telecommunications	The timing of the Information Technology transformation program has seen some projects move into 2018/19 year and this accounts for the budget variance.
4	Roads	McMillan/Hadfield Road works were delayed and are not expected to be completed until the 2018/19 year and this accounts for \$1.2M of the variance. There was a reallocation of funds to the Raymond Island Ferry major repair works and this accounted for a further \$700K of the variance. A number of other road construction works will not be completed until the 2018/19 year and account for the balance of this variance.
5	Recreational, leisure and community facilities	This variance relates to the timing of works for the Bairnsdale Aquatic and Recreation Centre redevelopment. This is a multi year project and will be completed in the 2018/19 year.
6	Waste management	The timing for the construction of Cell 3B at the Bairnsdale landfill site accounts of \$1.6M of this variance. These works will be completed in the 2018/19 year. The Lakes Entrance transfer station works has also been delayed and will not occur until the 2018/19 year and this accounted for \$1.5M of the variance. Various other transfer station upgrades were also delayed until the 2018/19 year, accounting for a further \$490K of this variance to budget.
7	Parks, open space and streetscapes	The variance relates primarily to the reclassification of various streetscape project works to roads and footpaths. A number of street scape projects will not be completed until the 2018/19 year.

Note 2 Funding for the delivery of our services	2018	2017
2.1 Rates and charges	\$'000	\$'000

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 2017/18 was \$7,307 million (2016/17 \$7,262 million), Commercial/Industrial rates was \$927 million (2016/17 \$931 million) and Farm rates was \$1,269 million (2016/17 \$1,265 million). The 2017/18 rate in the CIV dollar for General rates was 0.00393643 (2016/17 0.00385926), Commercial/Industrial rates was 0.00570784 (2016/17 0.00559593) and Farm rates was 0.00354279 (2016/17 0.00347333).

General Rates	38,918	37,632
Municipal charge	8,621	8,379
Waste management charge	6,886	6,532
Supplementary rates and rate adjustments	16	(111)
Interest on rates and charges	288	274
Revenue in lieu of rates	164	160
Total rates and charges	54,893	52,866

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation was first applied in the rating year commencing 1 July 2016.

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

2.2 Statutory fees and fines

Infringements and costs	319	358
Application Registration Fees	292	356
Animal Registrations	438	402
Town planning fees	621	602
Land information certificates	113	100
Permits	63	57
Other	220	97
Total statutory fees and fines	2,066	1,972

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

2.3 User fees

Aged and health services	20	15
Leisure centre and recreation	2,172	2,197
Raymond Island Ferry	203	193
Arts and Culture	310	348
Caravan Parks	2,558	2,443
Saleyards	1,241	1,222
Marinas	1,004	852
Child care/children's programs	266	251
Tourism	197	242
Building services	29	30
Waste management services	3,276	3,032
Other fees and charges	152	108
Total user fees	11,428	10,933

2.4 Funding from other levels of government	2018	2017
Grants were received in respect of the following :	\$'000	\$'000
Summary of grants		
State funded Grants	6,548	2,483
Commonwealth funded Grants	22,134	26,754
Other	272	459
Total grants received	28,954	29,696
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	14,827	21,289
Aged Services	41	41
<i>Recurrent - State Government</i>		
Arts and Culture	100	100
Asset Maintenance	149	186
Community Development	273	278
Community Laws	92	61
Community Support	-	3
Emergency Management	163	163
Environmental Management	86	61
Libraries	338	332
Parks and Gardens	2	2
Public Health	49	54
Strategic Planning	-	4
<i>Recurrent - Other</i>		
Environmental Management	20	-
Public Health	-	10
Recreational, Leisure and Community Facilities	10	10
Total recurrent operating grants	16,150	22,594
<i>Non-recurrent - Commonwealth Government</i>		
Community Development	-	5
Emergency Management	-	15
Environmental Operations	-	20
<i>Non-recurrent - State Government</i>		
Arts and Culture	2	7
Community Development	80	32
Economic Development	21	15
Emergency Management	30	22
Environmental Sustainability	134	120
Human Resources	-	5
Library Services	1	7
Recreational, Leisure and Community Facilities	27	-
Statutory Planning	-	2
Strategic Planning	5	44
Waste	45	5

	2018	2017
	\$'000	\$'000
Non-recurrent - Other		
Arts and Culture	2	-
Community Development	-	8
Economic Development	63	-
Environmental Management	4	8
Libraries	9	12
Public Health	-	5
Recreational, Leisure and Community Facilities	27	-
Sustainability	17	33
Total non-recurrent operating grants	467	365
Total operating grants	16,617	22,959
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	4,413	4,368
Recurrent - State Government		
Other Infrastructure	-	3
Recreational, Leisure and Community Facilities	9	9
Total recurrent capital grants	4,422	4,380
Non-recurrent - Commonwealth Government		
Bridges	1,752	450
Drainage	-	(28)
Roads	1,101	593
Non-recurrent - State Government		
Drainage	-	378
Footpaths and Cycleways	300	95
Other Infrastructure	1,300	-
Parks, Open Space and Streetscapes	90	151
Recreational, Leisure and Community Facilities	3,181	345
Plant, Machinery & Equipment	72	-
Non-recurrent - Other		
Other Infrastructure	26	47
Drainage	93	326
Total non-recurrent capital grants	7,915	2,357
Total capital grants	12,337	6,737
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	2,350	1,553
Received during the financial year and remained unspent at balance date	2,284	1,620
Received in prior years and spent during the financial year	(1,604)	(823)
Balance at year end	3,030	2,350

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

	2018 \$'000	2017 \$'000
2.5 Contributions		
Monetary	164	345
Non-monetary	499	2,423
Total contributions	663	2,768

Contributions of non monetary assets were received in relation to the following asset classes.

Land	-	467
Roads	383	1,787
Other infrastructure	-	47
Footpaths	46	25
Drainage	70	97
Total non-monetary contributions	499	2,423

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

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

Proceeds of sale	737	778
Written down value of assets	(554)	(718)
Net gain/(loss) on assets sold	183	60
Written down value of assets disposed	(2,833)	(5,131)
Written down value of assets impaired	(35)	-
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(2,685)	(5,071)

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

2.7 Other income

Interest	1,099	930
Investment property rental	740	786
Reimbursements - Other	1,518	1,046
Reimbursements - Natural Disasters	1,696	880
Other	262	194
	5,315	3,836

Interest is recognised as it is earned.

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

Note 3 The cost of delivering services

3.1 Employee costs

Wages and salaries	22,624	21,787
WorkCover	691	557
Casual staff	2,399	2,363
Superannuation	2,322	2,250
Fringe benefits tax	135	133
Other	-	63
Total employee costs	28,171	27,153

	2018 \$'000	2017 \$'000
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	41	53
	41	53
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,389	1,442
Employer contributions - other funds	933	755
	2,322	2,197
Employer contributions payable at reporting date.	87	-
Refer to note 8.3 for further information relating to Council's superannuation obligations.		
3.2 Materials and services		
Contractor payments	14,110	12,998
Building maintenance	1,141	1,167
General maintenance	10,940	12,014
Utilities	1,964	1,800
Office administration	519	367
Information technology	1,861	1,504
Insurance	856	965
Consultants	831	883
Contributions	1,315	1,183
Total materials and services	33,537	32,881
3.3 Depreciation and amortisation		
Property	2,934	3,187
Plant and equipment	3,435	3,212
Infrastructure	14,513	15,776
Total depreciation	20,882	22,175
Intangible assets	823	787
Total depreciation and amortisation	21,705	22,962
Refer to note 4.2(c) and 5.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.		
3.4 Bad and doubtful debts		
Parking fine debtors	35	34
Animal fine debtors	103	103
Rates and charges debtors	50	21
Other debtors	39	(2)
Total bad and doubtful debts	227	156
Movement in provisions for doubtful debts		
Balance at the beginning of the year	495	384
New Provisions recognised during the year	227	156
Amounts already provided for and written off as uncollectible	(23)	(45)
Amounts provided for but recovered during the year	-	-
Balance at end of year	699	495

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

	2018	2017
	\$'000	\$'000
3.5 Borrowing costs		
Interest - Borrowings	434	549
Total borrowing costs	434	549

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

3.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	38	45
Auditors' remuneration - Internal	54	29
Councillors' allowances	303	284
Operating lease rentals	168	276
Memberships/Subscriptions	187	189
Bank fees and charges	199	180
Legal fees	445	128
Other	34	3
Total other expenses	1,428	1,134

Note 4 Our financial position

	2018	2017
	\$'000	\$'000
4.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	13	12
Cash at bank	112	490
Term deposits	27,134	30,223
Total cash and cash equivalents	27,259	30,725
(b) Other financial assets		
Term deposits - current	26,250	9,750
Total other financial assets	26,250	9,750
Total financial assets	53,509	40,475

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

- Trust funds and deposits (Note 4.3)	1,649	1,432
- Unexpended grants (Note 2.4(c))	3,030	2,350
- Non-Discretionary Reserves	958	975
Total restricted funds	5,637	4,757
Total unrestricted cash and cash equivalents	21,622	25,968

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	16,086	11,686
- Cash held to fund carried forward landfill rehabilitation projects	4,086	4,481
- Tambo Bluff Estate	343	303
- Water transport replacement reserve	1,400	1,100
Total funds subject to intended allocations	21,915	17,570

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

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

	2018	2017
	\$'000	\$'000
(c) Trade and other receivables		
Current		
Statutory receivables		
Rates debtors	3,557	3,180
Special rate assessment	1,035	1,250
Parking infringement debtors	10	11
Infringement Court	588	448
GST Receivable	791	481
Provision for doubtful debts - statutory debtors	(646)	(474)
Non statutory receivables		
Other debtors	3,022	1,539
Provision for doubtful debts - other debtors	(53)	(21)
Total current trade and other receivables	8,304	6,414
Non-current		
Statutory receivables		
Special rate scheme	572	691
Total non-current trade and other receivables	572	691
Total trade and other receivables	8,876	7,105

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

(a) Ageing of Receivables

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

Current (not yet due)	624	950
Past due by up to 30 days	1,581	139
Past due between 31 and 180 days	724	225
Past due between 181 and 365 days	20	113
Past due by more than 1 year	20	91
Total trade & other receivables	2,969	1,518

(b) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$699,000 (2017: \$495,000) were impaired. The amount of the provision raised against these debtors was \$699,000 (2017: \$495,000). 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. At 30 June 2018 the nominal value of the impairment for statutory receivables was \$646K (2017: \$474K) and for trade and other receivables \$53K (2017: \$21K).

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

Current (not yet due)	6	15
Past due by up to 30 days	6	8
Past due between 31 and 180 days	81	52
Past due between 181 and 365 days	45	78
Past due by more than 1 year	561	342
Total trade & other receivables	699	495

4.2 Non-financial assets	2018	2017	
(a) Other assets	\$'000	\$'000	
Prepayments	562	551	
Accrued income	494	335	
Total other assets	1,056	886	
(b) Intangible assets			
Software	640	553	
Landfill air space	422	1,140	
Total intangible assets	1,062	1,693	
	Software	Landfill	Total
	\$'000	\$'000	\$'000
Gross carrying amount			
Balance at 1 July 2017	2,328	2,154	4,482
Additions from internal developments	192	0	192
Disposals	(726)	0	(726)
Balance at 30 June 2018	1,794	2,154	3,948
Accumulated amortisation and impairment			
Balance at 1 July 2017	1,775	1,014	2,789
Amortisation expense	105	718	823
Amortisation expense -Disposal	(726)	0	(726)
Balance at 30 June 2018	1,154	1,732	2,886
Net book value at 30 June 2017	553	1,140	1,693
Net book value at 30 June 2018	640	422	1,062

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

	2018	2017
	\$'000	\$'000
4.3 Payables		
(a) Trade and other payables		
Trade payables	2,629	2,005
Accrued expenses	1,709	2,330
Total trade and other payables	4,338	4,335
(b) Trust funds and deposits		
Refundable deposits	1,018	877
Fire Services Levy	256	198
Retention amounts	374	354
Funds Held in Trust	1	3
Total trust funds and deposits	1,649	1,432

Purpose and nature of items

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

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.

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.

	2018	2017
	\$'000	\$'000
4.4 Interest-bearing liabilities		
Current		
Borrowings - secured	1,853	680
	1,853	680
Non-current		
Borrowings - secured	4,077	5,929
	4,077	5,929
Total	5,930	6,609

Borrowings are secured by mortgages over the general rates of Council.

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

Not later than one year	1,853	680
Later than one year and not later than five years	2,427	4,279
Later than five years	1,650	1,650
	5,930	6,609

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

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

4.5 Provisions

	Employee	Landfill restoration	Native Vegetation	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2018				
Balance at beginning of the financial year	5,090	14,426	238	19,754
Additional provisions	614	(17)	-	597
Amounts used	(231)	(1,995)	-	(2,226)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	2	-	-	2
Balance at the end of the financial year	5,475	12,414	238	18,127
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

	2018	2017
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	2,014	1,972
Long service leave	269	244
	<u>2,283</u>	<u>2,216</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	210	191
Long service leave	2,417	2,199
	<u>2,627</u>	<u>2,390</u>
Total current employee provisions	<u>4,910</u>	<u>4,606</u>
Non-current		
Long service leave	565	484
Total non-current employee provisions	<u>565</u>	<u>484</u>
Aggregate carrying amount of employee provisions:		
Current	4,910	4,606
Non-current	565	484
Total aggregate carrying amount of employee provisions	<u>5,475</u>	<u>5,090</u>

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

Wages and salaries and annual leave

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

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

Long service leave

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

Key assumptions:

- discount rate	2.36%	2.27%
- inflation rate	2.00%	2.75%
- settlement period	12 years	12 years

	2018	2017
	\$'000	\$'000
(b) Landfill restoration		
Current	5,890	4,434
Non-current	6,524	9,992
	<u>12,414</u>	<u>14,426</u>

Council is obligated to restore landfill sites to a particular standard. The forecast life of each 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 each site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:	2018	2017
- discount rate	2.56%	2.55%
- inflation rate	2%	2%
- settlement period	30 years	30 years

	2018	2017
(c) Native Vegetation Offset	\$'000	\$'000
Current	-	-
Non-current	237	238
	237	238
Total Current	10,800	9,040
Total Non-current	7,326	10,714
Total Provisions	18,126	19,754

4.6 Prepaid Income

Marina Berths

Current	215	207
Non-current	921	1,092
	1,136	1,299

4.7 Financing arrangements

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

Bank overdraft	1,500	1,500
Credit card facilities	250	200
Borrowings	5,930	6,609
Total facilities	7,680	8,309
Used facilities	5,994	6,659
Unused facilities	1,686	1,650
Total facilities	7,680	8,309

4.8 Commitments

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

	Not later than 1 year	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
2018					
Operating					
Cleaning	928	1,513	41	-	2,482
Ferry Operations/Maintenance	430	833	450	-	1,713
Road Infrastructure Maintenance	1,212	-	-	-	1,212
Waste Management	2,946	5,646	5,403	4,511	18,506
Other Service Contracts	585	297	7	-	889
Total	6,101	8,289	5,901	4,511	24,802
Capital					
Buildings	4,045	-	-	-	4,045
Roads	3,920	-	-	-	3,920
Waste	3,291	-	-	-	3,291
Other	3,358	-	-	-	3,358
Total	14,614	-	-	-	14,614
2017					
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
Other	110	-	-	-	110
Total	4,129	-	-	-	4,129

	2018	2017
	\$'000	\$'000
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	150	137
Later than one year and not later than five years	369	449
Later than five years	425	488
	944	1,074

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

Notes to the Financial Report
For the Year Ended 30 June 2018

5.1 Property, infrastructure, plant and equipment
Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Impairment \$'000	Write-off \$'000	Transfers \$'000	At Fair Value 30 June 2018 \$'000
Property	186,143	1,861	-	11,078	(2,934)	(552)	-	-	16	195,612
Plant and equipment	15,685	2,620	-	-	(3,435)	(461)	-	-	54	14,463
Infrastructure	676,024	12,471	499	159,521	(14,513)	(2,198)	(35)	-	(70)	831,699
Work in progress	4,120	22,344	-	-	-	-	-	(150)	(16,952)	9,362
	881,972	39,296	499	170,599	(20,882)	(3,211)	(35)	(150)	(16,952)	1,051,136

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	481	2,486	(97)	(1,933)	937
Plant and equipment	91	2,617	(19)	(2,576)	113
Infrastructure	3,548	17,241	(34)	(12,443)	8,312
Total	4,120	22,344	(150)	(16,952)	9,362

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Property		
land	-	-
Buildings		
buildings	15-80 years	5
building improvements	15-80 years	5
Plant and Equipment		
ferry equipment	40 years	1
plant, machinery and equipment	5-10 years	1
fixtures, fittings and furniture	10-20 years	1
computers and telecommunications	5-10 years	1
library books	5-10 years	1
Infrastructure		
road pavements and seals	18-80 years	5
road wearing course	15-60 years	5
road formation and earthworks	-	5
road kerb, channel and minor culverts	70 - 80 years	5
bridges	60-100 years	5
footpaths and cycleways	15-65 years	5
drainage	100 years	5
recreational, leisure and community facilities	15-60 years	5
aerodromes	15-80 years	5
waste management landfill cells	3 years	5
waste management infrastructure	60 years	5
parks, open space and streetscapes	20-40 years	5
Intangible assets		
intangible assets	3-10 years	1

Notes to the Financial Report
For the Year Ended 30 June 2018

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Total Land & Land Improvements \$'000	Buildings - specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2017	84,409	13,280	97,689	166,157	166,157	481	264,327
Accumulated depreciation at 1 July 2017	-	-	-	(77,703)	(77,703)	-	(77,703)
	84,409	13,280	97,689	88,454	88,454	481	186,624
Movements in fair value							
Additions	8	-	8	1,853	1,853	2,486	4,347
Revaluation	9,568	1,510	11,078	-	-	-	11,078
Disposal	(70)	-	(70)	(1,199)	(1,199)	-	(1,269)
Write-off	-	-	-	-	-	(97)	(97)
Transfers	-	-	-	17	17	(1,933)	(1,916)
	9,506	1,510	11,016	671	671	456	12,143
Movements in accumulated depreciation							
Depreciation and amortisation	-	-	-	(2,934)	(2,934)	-	(2,934)
Accumulated depreciation of disposals	-	-	-	717	717	-	717
Transfers	-	-	-	(1)	(1)	-	(1)
	-	-	-	(2,218)	(2,218)	-	(2,218)
At fair value 30 June 2018	93,915	14,790	108,705	166,828	166,828	937	276,470
Accumulated depreciation at 30 June 2018	-	-	-	(79,921)	(79,921)	-	(79,921)
	93,915	14,790	108,705	86,907	86,907	937	196,549

Notes to the Financial Report
For the Year Ended 30 June 2018

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(b) Plant and Equipment

	Plant machinery and equipment	Fixtures and furniture	Computers and telecomms	Library books	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	18,960	7,498	3,992	4,200	91	34,741
Accumulated depreciation at 1 July 2017	(8,892)	(4,431)	(2,615)	(3,027)	-	(18,965)
	10,068	3,067	1,377	1,173	91	15,776
Movements in fair value						
Additions	1,665	463	240	252	2,617	5,237
Disposal	(1,244)	(47)	-	-	-	(1,291)
Write-off	-	-	-	-	(19)	(19)
Transfers	-	79	-	-	(2,576)	(2,497)
	421	495	240	252	22	1,408
Movements in accumulated depreciation						
Depreciation and amortisation	(2,076)	(605)	(506)	(248)	-	(3,435)
Accumulated depreciation of disposals	783	47	-	-	-	830
Transfers	-	(25)	-	-	-	(25)
	(1,293)	(583)	(506)	(248)	-	(2,630)
At fair value 30 June 2018	19,381	7,993	4,232	4,452	113	36,171
Accumulated depreciation at 30 June 2018	(10,185)	(5,014)	(3,121)	(3,275)	-	(21,595)
	9,196	2,979	1,111	1,177	113	14,576

Notes to the Financial Report
For the Year Ended 30 June 2018

(c) Infrastructure

	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 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 1 July 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
Movements in fair value												
Additions	5,505	3,501	1,050	472	98	116	1,001	-	55	673	17,241	29,712
Contributions	383	-	46	70	-	-	-	-	-	-	-	499
Revaluation	(9,342)	5,818	(2,506)	5,228	3,726	(445)	(984)	(787)	(953)	5,101	-	4,856
Disposal	(103)	(2,556)	(58)	(20)	(50)	-	(547)	-	(1)	(80)	-	(3,415)
Write-off	-	-	-	-	-	-	-	-	-	-	(34)	(34)
Transfers	3	-	(3)	-	-	-	-	-	-	(96)	(12,443)	(12,539)
	(3,554)	6,763	(1,471)	5,750	3,774	(329)	(530)	(787)	(899)	5,598	4,764	19,079
Movements in accumulated depreciation												
Depreciation and amortisation	(9,505)	(1,116)	(461)	(717)	(503)	(1,040)	(370)	(101)	(211)	(484)	-	(14,513)
Accumulated depreciation of disposals	29	756	37	12	17	0	320	-	1	45	-	1,217
Revaluation	123,290	17,963	4,406	(1,293)	3,108	992	2,954	898	1,713	634	-	154,665
Impairment losses recognised in operating result	(8)	(27)	-	-	-	-	-	-	-	-	-	(35)
Transfers	-	-	-	-	-	-	-	-	-	26	-	26
	113,806	17,576	3,982	(1,998)	2,617	(48)	2,904	797	1,503	221	-	141,360
At fair value 30 June 2018	647,771	94,868	26,336	75,016	28,181	7,641	30,221	7,554	10,103	19,394	8,312	955,397
Accumulated depreciation at 30 June 2018	(64,917)	(7,901)	(4,062)	(16,710)	(10,440)	(2,441)	(3,470)	(111)	(1,002)	(4,332)	-	(115,386)
	582,854	86,967	22,274	58,306	17,741	5,200	26,751	7,443	9,101	15,062	8,312	840,011

Acquisition

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

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

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

Land under roads

Council recognises land under roads it controls at fair value after 30 June 2008.

Depreciation and amortisation

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

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

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

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

Depreciation periods used are listed at Note 5.1 and are consistent with the prior year unless otherwise stated.

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.

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.

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 engloba (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

The date of the current valuation is detailed in the following table. An indexed based revaluation of land was conducted in the current year, based on indices provided by Valuer General Victoria. A full revaluation of these assets will be conducted in 2018/19.

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

	Level 1	Level2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Land				
Specialised land	-	-	93,915	30/06/2018
Land Non -Specialised	-	14,790	-	30/06/2018
Buildings	-	-	86,907	2014/2015
Total	-	14,790	180,822	

Valuation of infrastructure

Valuation of all infrastructure assets, except landfill cells, has been undertaken by Council's engineering and asset management staff as at 31 December 2017. Landfill cells are included at depreciated replacement cost as they currently have a life of three years only. The written down value of landfill cells as at 30 June 2018 is \$708K.

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

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

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	582,854	31/12/2017
Bridges	-	-	86,967	31/12/2017
Footpaths and cycleways	-	-	22,274	31/12/2017
Drainage	-	-	58,306	31/12/2017
Recreational, leisure and community facilities	-	-	17,741	31/12/2017
Waste management	-	-	4,492	31/12/2017
Landfill Cells	-	-	708	30/06/2018
Parks, open space and streetscapes	-	-	26,751	31/12/2017
Aerodromes	-	-	7,443	31/12/2017
Off Street Car parks	-	-	9,101	31/12/2017
Other infrastructure	-	-	15,062	31/12/2017
Total	-	-	831,699	

Description of significant unobservable inputs into level 3 valuations

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

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

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

	2018	2017
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	4,408	3,952
Parks and reserves	48,917	44,002
Recreation and Leisure	21,599	19,398
Residential Land	360	323
Commercial Land	327	294
Aerodrome Land	1,481	1,330
Community Services Land	1,329	1,194
Business Centre/Library Land	2,053	1,844
Caravan Park Land	3,596	3,230
Carpark Land	909	816
Cemetery Land	228	205
Depot Land	245	220
Quarry Reserve Land	159	143
Drainage Reserve Land	4,589	4,121
Saleyard and Pound Facility Land	362	325
Waste Management Land	2,967	2,665
Road Reserves	386	347
Total specialised land	93,915	84,409

	2018 \$'000	2017 \$'000
5.2 Investment property		
Balance at beginning of financial year	1,172	1,360
Additions	-	-
Disposals	(26)	(180)
Fair value adjustments	(8)	(8)
Balance at end of financial year	1,138	1,172

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

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by Craig McMillan, Director, Certified Practising Valuer (No. 62705), A.A.P.I., B. Business (Property) of Herron Todd White (Gippsland) and independent quantity surveyor, Ben Walpole, Director Quantity Surveying, B. Quantity Surveying Grad Cert (Comm) Dip. Building 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.

	2018 No.	2017 No.
Note 6 People and relationships		
6.1 Council and key management remuneration		

(a) Related Parties

Parent entity

East Gippsland Shire Council is the parent entity.

(b) Key Management Personnel

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

Councillors	Councillor Joe Rettino (Mayor)
	Councillor John White
	Councillor Ben Buckley
	Councillor Richard Ellis
	Councillor Mark Reeves
	Councillor Natalie O'Connell
	Councillor Marianne Pelz
	Councillor Colin Toohey
	Councillor Jackson Roberts

Total Number of Councillors	9	15
Chief Executive Officer and other Key Management Personnel	5	5
Total Key Management Personnel	14	20

(c) Remuneration of Key Management Personnel

	2018 \$'000	2017 \$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,322	1,259
Post employment benefits	92	94
Long-term benefits	26	25
Total	1,440	1,378

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

	2018 No.	2017 No.
\$1 - \$9,999	-	7
\$10,000 - \$19,999	-	3
\$20,000 - \$29,999	8	3
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	-	1
\$80,000 - \$89,999	1	-
\$190,000 - \$199,999	-	2
\$200,000 - \$209,999	2	-
\$210,000 - \$219,999	2	2
\$290,000 - \$299,999	1	1
	14	20

(d) Senior Officer Remuneration

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

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

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

	2018 No.	2017 No.
Income Range:		
\$130,000 - \$139,999	-	1
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	1	-
	2	2

	2018	2017
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	\$313,790	\$297,936

6.2 Related party disclosure

(a) Transactions with related parties

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

- 1 For the year ended 30 June 2018, Council paid \$125,241 to staff related to Key Management Personnel and has accrued benefits payable to these staff of \$11,323 as at 30 June 2018, under standard employment terms and conditions.
- 2 For the year ended 30 June 2018, Council paid \$265,125 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:

Cr Pelz	Pelz Haulage Pty Ltd \$43,344 for works and services Orbost Country Motor Inn \$490 for accommodation expenses for Council employees
Cr O'Connell	ALPS Links Regional Communities Development Assoc \$500 Community Grant
Cr Rettino	East Gippsland Rail Trail \$25,050 for Community Development
Cr White	Melwood Investments Pty Ltd \$172,104 for contracted slashing services

(b) 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

(c) 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 7 Managing uncertainties

7.1 Contingent assets and liabilities

(a) Contingent assets

Operating lease receivables

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

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

	2018	2017
	\$'000	\$'000
Not later than one year	669	639
Later than one year and not later than five years	2,102	2,179
Later than five years	2,491	2,894
	5,262	5,712

(b) Contingent liabilities

Superannuation

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

Future superannuation contributions

There were *no* contributions outstanding and no loans issued from or to the above schemes as at 30 June 2018. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2019 are \$66,605.

Landfill

Council operates a number of landfills. Council will have to carry out site rehabilitation works in the future. 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.

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

7.2 Change in accounting standards

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

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

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

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

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

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

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

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

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

Leases (AASB 16) (applies 2019/20)

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

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

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

7.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

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

(c) Credit risk

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

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 7.1(b), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

(e) Sensitivity disclosure analysis

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

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

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

7.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis 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.

2018

Impairment of assets

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

7.5 Events occurring after balance date

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

Note 8 Other matters

8.1 Reserves

(a) Asset revaluation reserves

2018

Property

	Balance at beginning of reporting period \$'000	Increment / (decrement) \$'000	Balance at end of reporting period \$'000
Land & land improvements	72,981	11,078	84,059
Buildings	54,653	-	54,653
	127,634	11,078	138,712

Infrastructure

Roads	324,744	113,948	438,692
Bridges	41,076	23,781	64,857
Footpaths and cycleways	12,589	1,900	14,489
Drainage	33,080	3,935	37,015
Recreational, leisure and community facilities	4,881	6,834	11,715
Waste management	1,914	547	2,461
Parks, open space and streetscapes	6,021	1,970	7,991
Aerodromes	-	111	111
Offstreet car parks	86	760	846
Other infrastructure	9,868	5,735	15,603
	434,259	159,521	593,780

Total asset revaluation reserves

	561,893	170,599	732,492
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2017

Property

Land & land improvements	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
Offstreet car parks	86	-	86
Other infrastructure	9,868	-	9,868
	434,259	-	434,259

Total asset revaluation reserves

	561,893	-	561,893
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The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2018				
Car Parking	193	-	-	193
Development Contribution Plans	-	19	-	19
Recreational Land	748	65	(101)	712
Road Upgrading	34	-	-	34
Total Other reserves	975	84	(101)	958
2017				
Car Parking	193	9	(9)	193
Development Contribution Plans	-	-	-	-
Recreational Land	739	45	(36)	748
Road Upgrading	34	-	-	34
Total Other reserves	966	54	(45)	975

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

Development Contribution Plans receive contribution from developers upon the sale of land in a prescribed planning area.

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.

	2018	2017
8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	15,124	12,157
Depreciation/amortisation	21,707	22,962
Profit/(loss) on disposal of property, infrastructure, plant and equipment	2,650	5,071
Impairment losses	35	559
Fair value adjustments for investment property	8	8
Contributions - Non-monetary assets	(499)	(2,423)
Financing cost in financing activities	434	-
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,771)	84
(Increase)/Decrease in prepayments	(10)	80
Increase/(decrease) in other current assets	(160)	141
Increase/(decrease) in trade and other payables	990	(1,506)
(Decrease)/increase in other liabilities	(163)	(82)
Increase/(Decrease) in provisions	(1,628)	(1,500)
Increase/(Decrease) in trust funds	217	(332)
Net cash provided by/(used in) operating activities	36,934	35,219

8.3 Superannuation

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

Accumulation

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

Defined Benefit

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

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

Funding arrangements

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

As at 30 June 2018, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 106%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

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

Vision Super has advised that the actual VBI at June 2018 was 106%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2017 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was 9.5% of members' salaries (9.5% in 2016/2017). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

2017 triennial actuarial investigation surplus amounts

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.

A VBI surplus of \$69.8 million

A total service liability surplus of \$193.5 million.

A discounted accrued benefits surplus of \$228.8 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2017. Council was notified of the 30 June 2017 VBI during August 2017.

2018 interim actuarial investigation

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

East Gippsland Shire Council

Performance Statement

For the year ended 30 June 2018

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 over 40 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 45,960 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 2,950 km of roads, 203 bridges, over 300 km of drains, 533 km of kerb and channel, 350 hectares of Parks and Gardens and over 4,500 street lights.

East Gippsland Shire Council

Sustainable Capacity Indicators

For the year ended 30 June 2018

	<i>Indicator/measure</i>	Results				Material Variations and Comments
		2015	2016	2017	2018	
	<i>Population</i>					
C1	<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,972.79	\$1,982.41	\$2,018.63	\$1,918.95	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	\$20,505.46	A revaluation of infrastructure assets was undertaken in 2017-18 which increased the value of infrastructure assets in 2017-18.
C3	<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	14.88	14.90	15.10	15.58	No material variations
	<i>Own-source revenue</i>					
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	\$1,603.61	No material variations.
	<i>Recurrent grants</i>					
C5	<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$557.46	\$323.83	\$605.59	\$447.58	\$7.2 million prepayment of the 2017-18 grants commission allocation was received in 2016-17 which increased own source revenue for that year.
	<i>Disadvantage</i>					
C6	<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	3.00	3.00	3.00	3.00	No material variations.

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2018

	Service/ <i>indicator</i> /measure	Results				Material Variations and Comments
		2015	2016	2017	2018	
AF6	Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	7.92	6.45	8.12	8.45	New Cohera door counter technology is now in place at facilities and is showing a more accurate count of attendance in the centres. Due to the change in technology the attendance figures for 2017-18 would be more accurate than previous years data.
AM 4	Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0.00	0.00	1.00	7.00	Council has undertaken seven prosecutions. All have been 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%	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	51.00	The level of community satisfaction with Council decision-making has continued the trend of increasing by one index point again for 2018. Our survey results indicate that residents aged 18 - 34 years are generally more favourable of Council decisions, compared with other resident segments.

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2018

	Service/ <i>indicator</i> /measure	Results				Material Variations and Comments
		2015	2016	2017	2018	
LB4	Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x100	18.40%	22.33%	21.35%	20.13%	Active members have decreased slightly aligning with the slight decrease in collection usage.
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	50.00	Council's ongoing focus on ensuring its road maintenance contractor continues to deliver on its responsibilities and improve the road network over time has helped to improve the overall community satisfaction of sealed local roads.
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%	66.67%	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%	50.81%	Consistent with previous years

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2018

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 2018

Dimension/ <i>indicator</i> / <i>measure</i>	Results				Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	2022	
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	\$1,642.79	\$1,671.32	\$1,696.74	\$1,737.07	\$1,766.18	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	\$2,793.63	\$2,733.33	\$2,884.09	\$2,842.97	\$2,885.68	No material variations.
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%	11.40%	13.92%	13.92%	13.92%	13.92%	2017-18 saw a reduction in turnover from last year due to less planned departures (retirements and role redundancies). This result brings us in line with expected natural turnover.
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	227.67%	187.98%	304.42%	333.34%	208.24%	157.54%	123.25%	134.45%	Incomplete capital works and major projects of \$20 million in 2017-18 has resulted in a higher level of current assets at year end. In the out years current liabilities varies depending on the landfill rehabilitation works proposed.

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2018

Dimension/ <i>indicator</i> / <i>measure</i>	Results				Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	2022	
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	50.71%	32.62%	62.45%	5.73%	105.67%	65.51%	38.73%	47.67%	\$26 million in term deposits classified as other financial assets in the 2017-18 year and this has impacted on the variation for 2017-18. Current liabilities reduce in 2018-19 based on the expected landfill rehabilitation program.
Obligations									
<i>Asset renewal</i>									
<i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	129.53%	99.66%	89.95%	71.86%	147.68%	104.84%	106.94%	92.82%	\$16 million of capital projects were incomplete at year end and will be completed in 2018-19.
<i>Loans and borrowings</i>									
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	20.00%	16.55%	12.57%	10.80%	7.20%	5.76%	5.57%	2.65%	No new loans and existing borrowings being repaid
<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%	4.50%	2.03%	4.06%	1.98%	0.50%	3.20%	No new loans and existing borrowings being repaid
<i>Indebtedness</i>									
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	29.87%	27.82%	25.48%	16.72%	13.16%	13.48%	8.67%	5.01%	Movement between non-current and current landfill provisions account for this variation.

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2018

Dimension/ <i>indicator</i> / <i>measure</i>	Results				Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	2022	
Operating position <i>Adjusted underlying result</i> <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	3.62%	-6.31%	7.25%	7.06%	-4.34%	0.82%	2.31%	2.52%	In 2018-19 the Roads to Recovery grant income decreases from the 2017-18 year. The impact of the advance grants commission payment of half of the 2018-19 allocation of \$7.5 million in June 2017-18 has reduced income for 2018-19 also. The Roads to Recovery grants forecast for the years 2019-20 to 2021-22 have also been reduced from the 2018-19 level of funding.
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%	57.85%	67.81%	62.07%	63.52%	63.94%	As a result of \$7.5 million of the 2018-19 grants commission payment being made in the 2017-18 year the total revenue has decreased for the 2018-19 year compared to 2017-18 year. This has increased the variance of rates compared to underlying revenue for 2018-19.
<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%	0.57%	0.58%	0.60%	0.61%	No material variations.

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2018

Definitions

"adjusted underlying revenue" means total income other than—

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

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

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

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

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

East Gippsland Shire Council

Other Information

For the year ended 30 June 2018

1. Basis of preparation

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

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

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

The forecast figures included in the performance statement are those adopted by Council in its strategic resource plan on 27 June 2018 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 2018

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



Elizabeth Collins, CPA
Principal Accounting Officer
Dated: 11 September 2018

In our opinion, the accompanying performance statement of the East Gippsland Shire Council for the year ended 30 June 2018 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

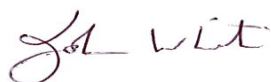
The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

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

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



Councillor Joe Rettino
Councillor
Dated: 11 September 2018



Councillor John White
Councillor
Dated: 11 September 2018



Gary Gaffney
Chief Executive Officer
Dated: 11 September 2018

East Gippsland Shire Council

Performance Statement Audit Opinion

For the year ended 30 June 2018



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 2018 • sustainable capacity indicators for the year ended 30 June 2018 • service performance indicators for the year ended 30 June 2018 • financial performance indicators for the year ended 30 June 2018 • other information and • the certification of the performance statement. In my opinion, the performance statement of East Gippsland Shire Council in respect of the year ended 30 June 2018 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.
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. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code. 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 are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.
Auditor's responsibilities for the audit of the performance statement	As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

East Gippsland Shire Council

Performance Statement Audit Opinion

For the year ended 30 June 2018

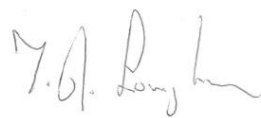
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

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

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

MELBOURNE
12 September 2018


Tim Loughnan
as delegate for the Auditor-General of Victoria

Glossary

Balance sheet	Reports all assets owned by Council (including amounts owed to Council) and all liabilities owed by Council.
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.
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.
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. Services are tailored and adapted to respond to the particular needs of those places.
Plant and equipment	Assets owned by Council.
Roads	Includes road pavements, footpaths, kerb and channel, traffic signals and speed restriction devices.
Statement of changes in equity	Identifies Council's overall movement in equity consisting of the accumulated surplus, asset revaluation and statutory reserves. Equity is also represented by total assets less total liabilities.
Statement of Financial Position	Reports all assets owned by Council (including amounts owed to Council) and all liabilities owed by Council.
Strategic Objectives	Establish where we want to be for each of Council's commitments.
Strategy	A document that outlines an initiative, program or project that will contribute towards achievement of a longer-term goal or outcome.
Values	Values are beliefs that underpin behaviours and processes.

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

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Web eastgippsland.vic.gov.au
Email feedback@egipps.vic.gov.au

In person

Bairnsdale: 24 Service Street, 34 Pyke 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