

Annual Report

2018-19



Cover:

One of Council's highest profile projects in 2018-19 was the extension of Giles Street and bridge construction over McGee's Gully in Bairnsdale. The infrastructure links the Giles Street and Saleyards Road industrial precincts. It was built on an unmade section of road and will provide a more direct route for heavy vehicles and people working and visiting the businesses in the industrial estates.

Annual Report 2018-19

East Gippsland Shire Council is committed to transparent reporting and accountability to its community. The 2018-19 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 2018-19 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 2018 to 30 June 2019.

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 second year Council has reported against this plan.

WHERE TO FIND A COPY

You can view the Annual Report at any of our Customer Service Centres and on our website.

This document contains important information about East Gippsland Shire Council. If you would like anything in this report explained further or want more information, please contact us.

Welcome to East Gippsland Shire Council's Annual Report 2018-19

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 3)

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

3. OUR COUNCIL (FROM PAGE 21)

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

4. OUR ORGANISATION (FROM PAGE 30)

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

5. OUR PERFORMANCE (FROM PAGE 44)

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 85)

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

7. FINANCIAL PERFORMANCE (FROM PAGE 116)

This section shows how Council performed financially from 1 July 2018 to 30 June 2019. It also shows the overall financial position of Council as at 30 June 2019.

The financial report contains:

- Financial Statements
- Notes to the Accounts
- Performance Statement

Section one: 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

Highlights of 2018-19

Strong Communities

- Four Citizenship Ceremonies, which saw **46 newly conferred Australian citizens**.
- Forge Theatre and Arts Hub presented a total of **131 performances** with an **attendance of 17,757 people**.
- The youth-led Youth Ambassador and FReeZA programs have **engaged over 15,000 local community members** in a range of social, cultural and educational events.
- The Bairnsdale Library hosted the Technology Expo to promote E-smart Week.
- Council awarded **\$31,550 for eight Arts Projects** and **\$111,422.50 for 37 Community Projects** under the Shire Grants program.
- The Municipal Emergency Management Plan was activated this year for the Cape Conran, Tubbut plantation and the Timbarra fires.
- Over **30 free seminars reaching over 600 people for older people were run**, including: Older driver information sessions, Your Brain Matters, Financial Matters, and eHealth seminars.
- A total of **388,928 visits to our recreation facilities and outdoor pools**.
- Lakes Entrance Aquadome made changes to **improve accessibility** with updated parking spaces and line marking, a new pedestrian crossing and upgrades to signs.
- The Orbest Outdoor Pool **won the Facility Management Award – Seasonal** at the Aquatics and Recreation Victoria Awards.

The number of visits to our library and service centres increased by five per cent from 2017-18

A liveable region

- Delivered **151 capital works and landfill rehabilitation projects**.
- The Solar Bulk Buy program ended on 30 June. Under the program a total of **320kW of solar power was installed** for residential systems and 15kW for commercial.
- Maintains **2,898 kilometres of road**, which 1,157 km is sealed road and the remaining 1,741 km is unsealed.
- **544 planning application** decisions were made.
- The development and roll-out of community information regarding the changes to disposing of electronic waste.
- Received a national award for the **Bairnsdale Airport** as the '**Small Regional Aerodrome of the Year**' at the Australian Airport Association National Airport Industry Awards.
- Directly **engages 77 volunteer committees of management**.
- Began the replacement of kerbside recycling bin lids with yellow lids, bringing Council in line with Australian Standards.
- Council received Victorian Government grants to construct a holding and sorting shed at the Bairnsdale Landfill and developing four e-waste collection trailers.



A growing regional area with opportunities

- Council was successful in obtaining state and federal funding contributions for the \$4 million **Omeo Mountain Bike Trail**. The contracts for the Masterplan and Business Case have been awarded and are underway.
- Council coordinated and supported approximately **350 events** and provided advice which eventually led to **269 event permits being issued**.
- Council obtained grant funding for the delivery of two reports, one being for **recreational fishing** and the other for an assessment of the **East Gippsland Rail Trail**.
- The Regional and District Events Sponsorship (RADES) awarded **\$96,500 in funding for 23 events** along with additional sponsorship and support to **attract 14 new events to the region**.
- Hosted a business breakfast with guest speaker Gus Balbontin as part of the Victorian Government's Small Business Festival.

Good governance

- Held a civic reception to celebrate the **150-year anniversary** of proclamation of the former Shire of Bairnsdale.
- **150 resolutions** were made by Council over 16 Council Meetings.
- Council signed on to become a recognised **Refugee Welcome Zone**.
- Commenced YouTube videos of the Mayor providing a post-Council meeting snapshot of the meeting.
- Council's Business Continuity Policy and Plan was approved and tested.

Council hosted the Grow Your Business Forum for businesses and employers, which had a number of guest presenters covering a range of topics.



- Multiple contractors' breakfast events were delivered, with the aim of informing potential providers of Council processes and expectations.
- Advertised **42 tenders which received 153 tender submissions**.
- The March 2019 Council Meeting was held in Mallacoota, the first in the town for 22 years.
- Expanded the successful drone program by purchasing an additional drone.

➤ Responsive services

- The appointment of a school-based trainee with a disability in partnership with East Gippsland Specialist School.
- **53,968 emails** received through Council's feedback email address.
- Introduced a complaint management framework that supports Council in responding to and resolving customer complaints, making the process clearer for customers when making a complaint.
- Council was involved in hosting community events to celebrate International Women's Day.
- **55,090 phone calls** received through Council's call centre, with over 72% of call answered within 40 seconds.
- Council increased its social media presence with **1,446 Facebook posts**, **1,119 tweets** on Twitter and Council's YouTube channel had **149,975 minutes** of watch time.
- New call centre system assists in improving Council's first point of call resolution which will make Council more responsive.
- Hosted **11 work experience placements**.
- A new project management framework was rolled out in the first quarter of the year and has been used to manage, report on and review projects.

Council was one of six major local employers that took part in the annual Work Inspiration program and also the East Gippsland Skills and Jobs Expo



Capital Works Overview

In 2018-19 East Gippsland Shire Council delivered over \$30 million of Capital Works.

Highlights:

Completed the **Bairnsdale Aquatic and Recreation Centre redevelopment** which cost a total of \$6.63 million, with \$4.342 million being spent in 2018-19.

Constructed or replaced 11 bridges, with the major two being construction of **Giles Street Bridge, Bairnsdale** (\$2,621,904) and replacement of **Hollonds Road Bridge, Benambra** (\$360,707).

Improved streetscapes with \$755,158 invested in **Bairnsdale**, \$807,720 in **Orbost** and \$410,510 in **Lakes Entrance**.

Completed safety improvements to the roundabout at **Dawson and Wallace streets Bairnsdale** (\$22,353).

Completed **road improvements on Romawi Road, Forge Creek**, which also included road resealing and installing new guard rail (\$569,492)

The **Metung Boardwalk** was extended by 325 metres (\$475,913)

Constructed an **elevated walkway and viewing platform at Bastion Point, Mallacoota** (\$80,000)

The overall spend included

- **\$16.392 million** on roads, footpaths and bridges
- **\$4.999 million** on building, land acquisitions and improvements
- **\$3.804 million** on plant, furniture and equipment
- **\$2.247 million** on recreation, leisure, parks and open space
- **\$1.314 million** on waste management
- **\$1.351 million** on other infrastructure

The **Swifts Creek Caravan Park toilet block** was renewed (\$147,929)

Stage 1 of the **drainage improvement to Willis Avenue, Marlo** was completed (\$404,757)

Completed the **Eagle Point Boat launching facility** (\$276,707)

Completed the **road renewal of McMillan and Hadfield streets, Bairnsdale** (\$336,372)



Message from the Mayor

Council has delivered some key projects for our community this year.

Notable highlights were the significant upgrade of the Bairnsdale Aquatic and Recreation Centre's aquatic facilities, which included East Gippsland's first warm water therapy pool; and the road extension and bridge on Giles Street, Bairnsdale.

The \$6.63 million aquatic redevelopment included the region's first warm water therapy pool, a children's water play area that can be used to introduce children to the water and also has features of interest to older children, upgraded all-accessible change facilities, and expanded reception and café areas. It delivers on a major action item from our East Gippsland Aquatic Strategy.

The Giles Street project involved constructing a road extension and bridge to link two industrial precincts and provide an important connection to central Bairnsdale. The project has created additional options for freight movement by providing a more direct route for heavy vehicles and people working and visiting the businesses in the industrial estates.

Both projects took over a year to complete and were undertaken by local companies.

We also completed an extension to the popular boardwalk in Metung. The boardwalk, adjacent to one of the town's busiest roads, provides a safe pedestrian route from the residential area to the town's commercial area.

Drought continues to significantly impact our community, with some parts of our region experiencing the driest conditions they have seen. Agriculture is an important sector of our economy and the drought continues to adversely impact our community.

We have advocated strongly to state and federal government for assistance programs for drought-affected communities. As well as financial programs, helping people maintain good mental health was the focus of some of the funded programs offered during the year. The Prime Minister, Deputy Prime Minister, Federal Minister for Agriculture, and Victorian Minister for Agriculture have all visited the region to speak to farmers, Council and agencies involved in the drought response.

We continued the success of our 'Council in the Community' sessions, where my fellow Councillors and I, along with council staff, met community members and groups to discuss projects, priorities, and challenges in their district. The sessions also included a Council meeting. The first session of 2019 was held in Mallacoota, in what was the first Council meeting in the town in many years.

My fellow Councillors and I appreciated the support of this concept by the East Gippsland community and look forward to continuing our work in 2019-20.

Cr Natalie O'Connell

Mayor

Message from the Chief Executive Officer

The 2018-19 year has been one of major change for East Gippsland Shire Council as an organisation.

Following my appointment in November I undertook a significant organisation restructure. This saw changes at the executive level with four directorates reduced to three; the formation of new business units and the movement of business units between directorates. The aim of this work was to streamline the organisation so we can continue to be responsive to the needs of our residents, community and stakeholders, and deliver our services efficiently and effectively. The new structure came into effect on 1 July 2019.

We also progressed a body of work to investigate a model of shared service delivery with other Gippsland councils. The project looks at reducing duplication of services and will be further developed in the coming year.

Council continues to be in a sustainable financial position, recording an underlying surplus of \$4.1 million. Net assets increased by \$47 million to \$1,152 million and we reduced our borrowings by \$1.853 million to \$4.077 million.

We are well positioned financially to deal with any unplanned events while maintaining existing service levels.

Every day I see our staff delivering a range of services and programs that assist our community go about their business and enjoy this wonderful shire we all live in. I am proud to lead this organisation.

Anthony Basford

Chief Executive Officer

Summary of financial performance

The summary of financial performance provides an overview of how Council has performed financially in 2018-19. The 2018-19 Long-term Financial Plan focused on improving Council's financial position, ensuring its long-term financial sustainability. For more detailed information on the summary financial performance, refer to Section 7 – Financial performance.

Financial Snapshot

- \$101.3 million revenue against a budgeted \$88.9 million
- Rates and Charges comprised \$57.011 million (56.3%) of the total operating revenue
- \$91.4 million expenditure against a budgeted \$87.2 million
- Operating surplus of \$9.8 million (budget \$1.7 million)
- \$30.1 million Capital Works program delivered against a budgeted \$41.9 million
- Cash holdings and other financial assets increased by \$3.6 million from \$53.5 million in 2017-18 to \$57.1 million in 2018-19
- Net debt decreased by \$1.853 million from \$5.930 million in 2017-18 to \$4.077 million in 2018-19

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

- 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 2018-19 is 112.5%.

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 \$4.077 million as at 30 June 2019.

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 \$7.7 million of the 2019-20 Financial Assistance Grant was received in the 2018-19 year and included in the operating surplus for 2018-19.

Council's operating results

Council achieved an operating surplus of \$9.809 million this year compared to a \$15.124 million surplus in 2017-18. This is less than last year's result by \$5.314 million but \$8.070 million greater than the \$1.739 million operating surplus forecast in the 2018-19 Annual Budget. The operating surplus in 2018-19 though includes unbudgeted income of \$7.7 million for an advance payment of the 2019-20 Financial Assistance Grant. Without this advance payment, the operating surplus for the year would have been \$2.1 million which is \$370,000 greater than the budgeted result.

An increase in capital grants over the budget of \$816,000 increased the income for the year and this added to the advance Financial Assistance Grant of \$7.7 million, offset by non-monetary contributions that were less than budget by \$577,000, account for the surplus result exceeding the budget by \$8.070 million.

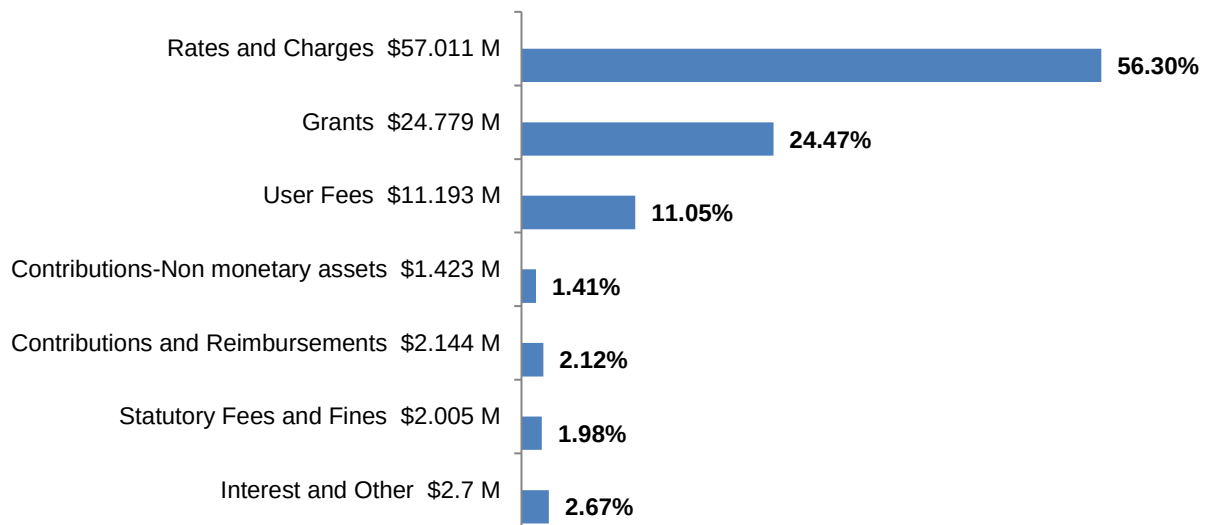
While the operating surplus represents an overall good result, an important indicator of financial sustainability is the Underlying Result, which removes all nonrecurrent capital income to show the true operating position. An underlying surplus indicates that all operational expenditure including depreciation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

Council recorded an underlying surplus of \$4.1 million this year compared to an underlying surplus of \$6.7 million last year. The advance Financial Assistance Grant payment of \$7.7 million added to the result for 2018-19 year.

Income

This year's operating income totalled \$101.3 million; \$12.4 million greater than budget. This was mainly due to the advance payment of \$7.7 million of the 2019-20 Financial Assistance Grant being received in 2018-19 and additional capital grant funding of \$816,000, offset by \$577,000 less being received for non-monetary contributed assets.

The graph below shows the breakdown of Council's income in 2018-19:



Rates and Charges

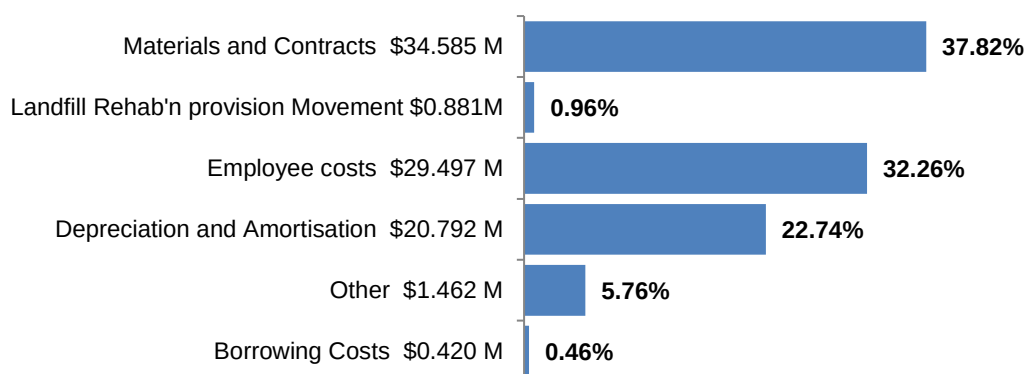
Rates and charges income was \$57.011 million this year. As a percentage of total income this is 56.3%, compared with 53.1% in the previous year.

Other revenue sources

Grant funding was \$24.8 million this financial year and accounted for 24.4% of total income, compared to 28.03% last year. The percentage of total income from grants has been impacted in 2018-19 mainly resulting from the advance payment of \$7.7 million of the 2019-20 Financial Assistance Grant in the 2018-19 year and additional capital grants of \$816,000 over the budgeted amount.

User fees accounted for 11.05% of total income compared to 11.06% in the previous year.

The graph below shows the breakdown of Council's operating expenditure in 2018-19:



Operating expenditure

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

- Employee expenses 32%
- Materials and services 38%
- Depreciation 22%

This year's operating expenditure totalled \$91.446 million, which was \$4.292 million greater than forecast in the budget. Depreciation and amortisation expenses were \$1.172 million less than budget. This was offset by the net loss of \$3.809 million for adjustments to property, plant and equipment for assets written off. Employee costs also exceeded budget by \$0.694 million as a result of a significant increase required for the provision for long service leave. An increase in the provision required for landfill rehabilitation saw this cost exceed budget by \$881,000.

Employee costs for the year were \$29.497 million compared to \$28.171 million in the previous year and accounted for 32% of total expenditure the same as the previous year of 32%. This was \$694,000 more than the budget as a result of a significant increase required in the provision for long service leave.

Materials and Contracts expenditure was \$34.585 million this year, \$1.030 million greater than last year and accounted for 38% of total operating expenditure the same as the previous year of 38%. This was \$65,000 greater than the 2018-19 budget amount.

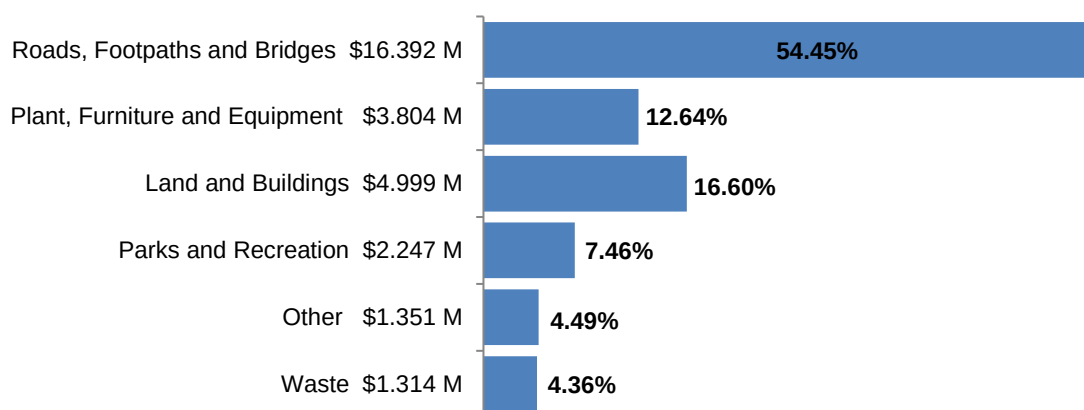
Depreciation and amortisation was \$20.792 million this year, \$913,000 less than the previous year and accounted for 22.7% of total operating expenditure compared to the previous year of 25%. The impact of the revaluation of infrastructure assets in 2017-18 and a reassessment of the remaining useful lives of the assets accounted for this reduction in expenditure for 2018-19.

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

\$30.1 million, which was \$11.791 million less than budget. This was due to the timing of some projects that will not be completed until the 2019-20 year.

The graph below shows the major capital expenditure categories for the 2018-19 year:



Roads and Bridges capital expenditure was \$16.392 million this year, \$3.582 million greater than last year, and accounted for 54.45% of total capital expenditure compared to 57.33% last year.

Land and Buildings capital expenditure was \$4.999 million this year, \$2.513 million greater than last year, and accounted for 16.6% of total capital expenditure compared to 11.13% last year.

Parks and Recreation capital expenditure was \$2.247 million, \$693,000 less than last year. It accounted for 7.46% of total capital expenditure compared to 13.16% last year.

Balance sheet

Council has maintained a strong balance sheet this year. Net Assets were \$1,152 million as at 30 June 2019 compared to \$1,105 million last year. This is an increase of \$47 million. Of that increase, \$36.6 million relates to the increase in the fair value of land and buildings that resulted from the revaluation of these assets in the 2018-19 year. The remaining increase is mainly due to the operating surplus of \$9.809 million.

Debt Levels

No new borrowings were taken up during the year. Borrowings totalled \$4.077 million as at 30 June 2019, \$1.853 million less than last year.

Council borrowings as at 30 June 2019 included \$3.350 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 0.46% of Council's total expenditure, slightly less than the previous year.

Cash and Cash Equivalents and Other Financial Assets

Cash holdings totalled \$23.143 million as at 30 June 2019; this was \$4.116 million less than last year. Other financial assets, which include term deposits invested for greater than 90 days that will mature in July 2019, totalled \$34.0 million as at 30 June 2019 compared to \$26.250 million at 30 June 2018. This is an increase of \$7.750 million as at 30 June 2019.

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 2.25% cap on increases to rates and charges for the 2018-19 year. The rate cap for the 2019-20 year was set at 2.5% and Council addressed this in the 2019-20 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 Section 7 – Financial performance.

2018-19 Calendar of events

Council worked proactively to attract new events to the region in 2018-19 and support a vast array of existing events.

Council, through its Economic Development Events Unit, continued to coordinate and support approximately 350 individual held events and provided advice which eventually led to 269 event permits being issued.

Council supported nine Australia Day events and assisted in the facilitation of the local Anzac Day and Remembrance Day Commemoration Service events in Bairnsdale. 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 and the Barry Sheene Tribute Ride in October - over 400 riders made their way from Bairnsdale to Phillip Island for the Motorcycle Grand Prix.

The Regional and District Events Sponsorship (RADES) was again very successful with 23 grants awarded, through the program along with additional sponsorship and support for attracting 14 new events to the region. See table for some highlights:

Event	Dates	Supported by Council
July 2018		
Sailors Grave Brewing Deep Winter Festival	26 June – 1 July	RADES*
Twin Rivers Fishing Classic	14-17	RADES
August 2018		
East Gippsland Beef Conference	14	RADES
2018 Dog Show – Bairnsdale & District Kennel Club	30 August – 2 September	RADES
September 2018		
Australian Tarmac Championship - Snowy River Sprint	23-23	RADES
October 2018		
2018 Motorcycling Australia Off-road Championship and Victorian Off-road Championships	6-7	Sponsorship*
2018 Masters Road National Championships	18-21	Sponsorship*
Barry Sheene Tribute Ride	24-25	Sponsorship

Event	Dates	Supported by Council
Centenary Golf Tournament	29 October – 4 November	RADES*
Victorian Men's and Women's Senior Amateur Golf Championship	23-25	Sponsorship
November 2018		
Omeo High Country Caravan and RV Muster	2	RADES
Field Game Association National Carnival	2-4	RADES*
East Gippsland Gallop Hub Run 2018	2-6	RADES
Country Music at Bairnsdale Show	10	RADES
16 Days of Activism Community Event	28	
December 2018		
East Gippsland Adventure Challenge	1-2	RADES
Lakes Entrance Summer Foreshore Festival Carnival	6 December – 11 February	
Mitchell River Trail Run	9	RADES*
Lakes Entrance New Year Family Fireworks Festival	31	RADES
January 2019		
Metung Village Green Family Film Nights	2-13	RADES
Netball Victoria Beach Netball Competition	19	Sponsorship
40 th Australian Minnow Championships	20	RADES*
Australia Day events	26	Sponsorship
PGA and ALPG One Day Pro-Am	28	Sponsorship*
February 2019		
Bruthen Blues and Arts Festival	15-17	
Week of Bowls Carnival	18-25	RADES

Event	Dates	Supported by Council
Paynesville Music Festival	22-24	
March 2019		
Champions League Basketball 3x3 National Series Round	1-3	RADES*
Tambo Valley Producers Dinner	12	RADES
Bayford Volkswagon East Gippsland Bream Classic	16-17	RADES
Adventurethon Demolish Multisport Festival	30-31	Sponsorship*
Paynesville Food Van Fiesta	31	RADES
Tambo Valley Producers Dinner	12	RADES
Paynesville Food Van Fiesta	31	RADES
April 2019		
Wild Harvest Seafood Festival	13 -14	Sponsorship*
Anzac Day Bairnsdale	25	Sponsorship
East Gippsland Field Days	26-27	Sponsorship
May 2019		
2019 Club Marine East Gippsland Bream Classic	3 - 5	RADES
Gippsland Lakes Paddle Challenge	4	RADES
Tour of East Gippsland	4 - 5	Sponsorship
Feral Forage and Feast Event	5	Sponsorship*
2019 SIMRAD Victorian Broadbill Swordfish Tournament	11 May – 10 June	Sponsorship
June 2019		
Feast on East @ Metung Lakes Country Cruise	9	RADES
Lakes Entrance Lantern Parade and Twilight Market	22	

*Indicates a new event Council attracted to the region.

Section three: Our council

Acknowledgement of Country

East Gippsland Shire Council acknowledges the Gunaikurnai, Monero and the Bidjil people as the Traditional Custodians of the land that encompasses East Gippsland Shire.

We pay our respects to all Aboriginal and Torres Strait Islander people living in East Gippsland, their Elders past and present.

Demographic profile

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.

East Gippsland's population is 46,846 (*forecast by .id community*). 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 economy

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.

The region's stable population growth has supported a growing construction sector helped by regional housing affordability compared to metropolitan living.

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 1,455,000 visitors coming to the region from January to December 2018. This is an increase of 10.9% on the previous year.

Council is seeking to further promote and enhance opportunities for visitors in a variety of markets. The total value of tourism output for East Gippsland is estimated at \$344.931 million.

QUICK FACTS:

- \$2.439 billion total estimated gross regional product for East Gippsland for May 2019 up from the previous year's figure of \$2.034 billion.
- 10,735 registered businesses as at May 2019, an increase of 715 businesses since May 2018.

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 Natalie O'Connell (Mayor)

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

Cr O'Connell served as a member of the following Advisory Committees and Working Groups in 2018-19:

- Audit and Risk Committee (Mayor ex officio)
- Economic Development Advisory Board

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

- Gippsland Local Government Network (Mayor ex officio)
- Rural Councils Victoria



Cr John White (Deputy Mayor)

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

Cr White served as a member of the following Advisory Committees and Working Groups in 2018-19:

- Audit and Risk Committee
- East Gippsland 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
- East Gippsland Catchment Management Authority (EGCMA) Land Program Committee



Cr Joe Rettino

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

Cr Rettino served as a member of the following Advisory Committees and Working Groups in 2018-19:

- Audit and Risk Committee
- Economic Development Advisory Board
- East Gippsland Livestock Exchange Consultative Committee

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

- Municipal Association of Victoria - Representative
- Municipal Association of Victoria – Professional Development Reference Group



Cr Mark Reeves

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

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

- East Gippsland Local Aboriginal Justice Action Committee
- Gippsland Regional Aboriginal Justice Action Committee
- East Gippsland Local Road Safety Strategy Committee



Cr Ben Buckley

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

Cr Buckley served as a member of the following Advisory Committees and Working Groups in 2018-19:

- East Gippsland 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 2018-19:

- Bairnsdale Regional Landfill Environment Advisory Committee
- Disability Advisory Committee
- Marina Consultative Committee

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

- Australian Coastal Councils Association
- Local Government Waste Forum
- 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 Marianne Pelz

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

Cr Pelz served as a member of the following Advisory Committees and Working Groups in 2018-19:

- Audit and Risk Committee

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

- South East Australian Transport Strategy
- 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

- East Gippsland Catchment Management Authority Land Program Committee
- 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 2018-19:

- Marina Consultative Committee

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

- East Gippsland Local Community Road Safety Committee

Advocacy – an important role

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

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

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

Letters under seal of Council

Council did not present any letters under seal of Council in 2018-19.

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 22 January 2019. The recipients of the awards were:

Citizen of the Year Award - June Drake

June has been an inspiration and role model for many people in Mallacoota.

June has been secretary of the Friends of Mallacoota Group for the past 18 years as well as being involved with 3MGB community radio as treasurer for the past six years. June has also been a producer and compiler of music for the past 25 years. June is also on the board of many of Mallacoota's community and sporting bodies.

Her initiative and support has contributed greatly to the Mallacoota community and its surrounding environment.

Young Citizen of the Year Award - Torin Troy

Torin, through his many volunteering positions, has demonstrated his commitment to the East Gippsland community.

As a long-standing member of St John's Ambulance and a respected East Gippsland Shire Council Youth Ambassador, Torin's attendance and participation in community events and his passion for improving the lives of young people across East Gippsland is commendable.

Torin is a future leader and has demonstrated skill in providing leadership and role modelling for other youth, positive behaviour modelling and community involvement.

Community Event of the Year Award - Cann River Volunteer Appreciation Day

An initiative of the Cann River Community Centre, this inaugural event recognised the outstanding contribution community members make to service in the Cann River area.

Highlights of the event included a three-course meal catered by five local food businesses, live music and a jumping castle for the children. Certificates recognising service to the community were presented to 102 worthy volunteers.

Citizenship

Council welcomed 46 residents as new Australian Citizens. Four citizenship ceremonies were hosted by Council in 2018-19.

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 2018-19:

Date	Civic event
2018	
17 July	Civic Reception – 150 Years of Shire Bairnsdale
23 July	Project completion inspection and openings Cunninghame Arm bridge, Lakes Entrance, and Buchan-Orbost Road bridge, Buchan
2 November	Civic Reception - Field and Game Association
2019	
22 January	Australia Day Awards ceremony
9 April	Official opening - Giles Street Bridge
29 June	Official opening - Bairnsdale Recreation and Aquatic Centre Redevelopment

Section four: Our organisation

Executive Leadership 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*.

Organisation chart as at 30 June 2019



Chief Executive Officer
Anthony Basford



Director
Community
Strategy

Kate Nelson

Strategic Planning
Community
Programs
Place Services



Director Corporate

Maryanne Bennett

Finance
Organisation
Development
Administration
Services
Information Services



Acting Director
Development

Aaron Hollow

Recreation Facilities
Statutory Services
Economic
Development



Acting Director
Operations

Fiona Weigall

Waste and
Resource Recovery
Works
Project Office

As at 30 June 2019, Senior Officers as designated under the *Local Government Act 1989* were Anthony Basford, Fiona Weigall, Kate Nelson, Maryanne Bennett, Aaron Hollow, Executive Manager Finance Liz Collins and Manager Communications and Corporate Strategy David Radford.

A review of the organisation's structure was undertaken following the commencement of Chief Executive Officer Anthony Basford in November 2018. The proposed organisation structure was announced on 11 April 2019 and was followed by a full consultation process with all impacted staff. The number of directorates was reduced to three. The new structure came into effect on 1 July 2019.

The new Executive Leadership Team and their responsibilities are:

Chief Executive Officer – Anthony Basford		
General Manager Business Excellence Peter Cannizzaro (from 2 September 2019)	General Manager Place and Community Stuart McConnell (from 9 September 2019)	General Manager Assets and Environment Fiona Weigall (from 22 July 2019)
Customer Experience and Communications Finance Governance Information Services Business Systems People, Performance and Culture	Community Engagement Council Enterprises Economic Development and Tourism Planning Regulatory and Compliance Services	Assets and Projects Community Facilities and Open Space Sustainability and Waste Minimisation Works

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 2018-19 were 305.11, including casuals.

Year	Total staff	FTE staff
2018-19	516	305.11
2017-18	497	316.23
2016-17	458	317.16
2015-16	472	301.08
2014-15	474	305.42

Total staff numbers by salary band and gender

Employment classification	Total FTE	Female FTE	Male FTE
Band 1	4.9	1.8	3.1
Band 2	6.8	3.1	3.7
Band 3	80.5	20.1	60.4
Band 4	60.8	43.9	16.9
Band 5	52	38	14
Band 6	48.2	26.9	21.3
Band 7	32	12.8	19.2
Band 8	5	2	3
Senior Executive Officer / Senior Officer	14.9	6.3	8.6
Total	305.1	154.9 (50.8%)	150.2 (49.2%)

Job level by gender

Job level	Total	Female	Male
CEO	1	-	1
Director	4	3	1
Manager	11.6	4	7.6
Coordinator	21.1	10.1	12
All other staff	267.4	137.8	128.6
Total	305.1	154.9	150.2

Salary range of contract staff

Contract staff (Directors)		
		Salary Range (total remuneration package)
	2	\$190,001 - \$195,000
	1	\$210,001 - \$215,000
	1	\$220,001 - \$225,000
Total	4	

Staff numbers by directorate

The full-time equivalent (FTE) staff numbers for each directorate as at 30 June 2019 are:

Work type/ gender FTE	Office of the CEO	Community Strategy	Corporate	Development	Operations	Total
Full time – Female	6	20	24	24	10	84
Full time – Male	4	6	8	25	78	121
Part time – Female	1	27.17	4.90	15.24	3.69	52
Part time – Male	0	0.4	0	5.36	10.74	16.5
Casual – Female	0	2.77	1.68	14.45	0	18.90
Casual – Male	0	1.01	0.43	7.27	3.99	12.70
Total	11	57.35	39.01	91.32	106.42	305.1

Length of service profile

Length of service	Number of staff	Percentage of staff
Less than 1 year	85	16
1 to 5 years	209	41
6 to 10 years	147	28
11 to 20 years	60	12
21+ years	15	3
Total	516	100

Organisational development

Council, through its Organisation Development Unit, has programs 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 is known as the TOPP Awards and 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.

Staff are also recognised by "Thumps Up" cards which 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.

Feedback and recognition of staff by members of the public are published monthly in Council's staff newsletter 'In Focus'.

ACHIEVEMENTS

- Implemented an electronic onboarding process which now means the whole recruitment and onboarding process is all online and easy to track and report on. We are now saving 110 minutes administration time for each new employee.
- Implemented an online learning management system which allows staff to complete mandatory training online and acknowledge important policies. During the financial year there were 5,604 enrolments across 278 different training courses.

- There was a significant reduction in workplace injuries and WorkCover claims during the year, and Council recorded the longest period in 10 years between lost time incidents.
- Council's Business Continuity Policy and plan was approved, and was also tested through a desktop exercise. Business continuity planning ensures Council can continue to deliver its most critical business functions in the event of a disruption such as loss of power, internet or IT systems across key sites.
- The creation and roll out of guidance documents and checklists for Council's Committees of Management and the organisation of several workshops on building their capacity in risk management and insurance.

LOOKING FORWARD

- Develop a recruitment strategy to help fill positions affected by skills shortages and lack of suitably qualified local applicants.
- Develop a training matrix for all roles.
- Negotiate the next Enterprise Agreement No 6.
- Review the procedure and processes for staff who work remote / isolated.
- Finalise new service plans which capture detailed information about the services that Council provides, including the value that the service is adding, activities delivered, customers, outcomes and outputs and related KPIs.
- Develop an ageing workforce action plan.

Learning and Development

Staff attended various courses during 2018-19. The larger courses are detailed below:

Course	Number of attendees
Child Safe Standards training	154
Procurement training	112
Budget training	83
Change Management	69
Corporate Induction	49
Creating a Positive Workplace Culture	34
Performance Review training	33
Microsoft Excel	26
Dealing with Conflict	18
Microsoft OneNote	15
Impressive Leadership (2-day workshop)	13
Writing Skills and Techniques	12
Liability, Privacy and Media training for Recreation Centre staff	11
OHS and Operational training	
Situational Awareness	172
CPR	67
First Aid	52
Handle Dangerous Goods/Hazardous Substances	29
Asbestos training	28
Injury Management and Prevention for Supervisors	27

With the implementation of a new online learning management system, staff completed online a number of courses during 2018-19. The larger courses are detailed below:

Course	Number of attendees
Workplace Health and Safety Awareness	451
Sexual Harassment Prevention	289
Workplace Bullying and Harassment	288
Privacy Awareness	30
Customer Service	24
Handling Angry and Upset Customers	21
Hazard Identification	19

Cost of learning and development activities

During 2018-19, Council spent \$274,000 educating and developing staff.

The major areas of focus were:

Course	Cost \$
Change Management	34,524
Impressive Leadership and Creating a Positive Culture	27,998
Certified Playground Inspector	24,490
Situational Awareness	20,740
Child Safe Standards (face to face)	11,569
Injury Management and Prevention for Supervisors	11,160
First Aid / CPR	10,849
Project Management	8,840
Child Safe Standards (online module)	8,800
Traffic Management and Traffic Control	8,163

Course	Cost \$
Pool Lifeguard	6,976
Other corporate personal development	30,176
Occupational Health and Safety	20,307
Other role-specific training	49,489
Total	\$274,081

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 is a member of the Municipal Association of Victoria (MAV) WorkCare workers' compensation self-insurance scheme. As a member of the scheme, we are required to conform to the National Audit Tool OHS accreditation. During the year, Council reviewed and approved 22 new OHS procedures and supporting documents that form part of our safety management system. A focus for the year was contractor management, OHS responsibilities, preventative injury management, and incident reporting and investigating,

Council conducted various programs designed to reduce illness and injury rates and promote risk management and safety and health principles.

In 2018-19:

- 69 incidents were reported involving staff; 9 of which resulted in WorkCover claims.
- Of the WorkCover claims lodged, 8 resulted in lost time.
- WorkCover claims as a percentage of staff has continued to decrease and for 2018-19 was 2.2% compared to 2.4% in 2017-18, 2.6% in 2016-17 and 2.7% in 2015-16.

Equal Employment Opportunity Program

Council has 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: 100%
- Number of contact officers per employee. Target: 1:50. Result: 1:64

Our volunteers

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

They support our Visitor Information Centres in Lakes Entrance and Bairnsdale; help with cataloguing and 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 responsible for day-to-day management of recreation reserves, community halls, sports centres, community centres and public recreation spaces that it supports through annual allocations toward operating and maintenance costs.

Council received \$30,000 funding from the Department of Jobs, Precincts and Regions - Stronger Regional Communities Plan to deliver capacity building workshops for committees of management. Seven workshops were held across the shire attracting 100 community members from non-profit groups to learn more about topics such as governance and OHS.

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:

- Funded service providers to deliver Home and Community Care programs (\$696,566 in 2018-19).
- Delivered 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.

- Provided information and advocacy.
- Provided information to assist the community to prepare for the National Disability Insurance Scheme.
- Funded and supported senior citizen's clubs to strengthen and build their capacity to be more inclusive and accessible.
- Undertook annual accessible communication symbol accreditation and training in all service centres.
- Partnered with our Disability Advisory Committee to work towards more diverse, accessible and inclusive communities.
- Constructed new paths in 10 communities under the Access and Mobility Framework.
- Supported people with a disability to provide feedback on Council's strategies and major projects.
- Recognised the contribution of individuals and programs in our community with nominations to the Victorian Disability Awards.
- Contributed to the Gippsland Accessible Tourism Plan, which discusses the challenges and opportunities the Gippsland tourism industry faces in becoming more accessible and recommends future actions.
- Supported two organisations to improve accessibility to services through the Building Inclusive businesses and Communities Grants Program funding.

Young people getting involved

A number of programs are offered to young people aged 12 to 25 in East Gippsland, including:

- Live music and cultural all-ages events for young people run by the FReeZA committee made up of 15 people aged 14 to 24.
- Council's Youth Ambassador Program, which provides a youth perspective on issues that impact the community and gives them a voice on issues that matter to them. There are 17 Youth Ambassadors in the 2019 program.

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 includes a vision for Council as an organisation and the broader community and a framework for the municipality. It also looks at the development of partnerships to support the plan, and has actions aimed at creating 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:

- Inclusive Employment Project
- Community NDIS Readiness Project
- Accessible Communication Project
- Inspiring Young Persons Event
- Social Inclusion Week celebrations and events
- International Day of People with a Disability community events
- Inclusive activities in Children's Week celebrations
- Partnerships to improve access to the built environment
- Older driver road safety sessions
- Facilitate Disability Advisory Committee partnership

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 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.

On 28 November 2018 Council supported the Walk to Change the Story March. The Mayor, CEO, Councillors and a number of staff took part. The march was a great success with more than 600 people participating. Participants wore orange and marched through Bairnsdale then listened to guest speakers.

The march was held as part of the Victoria against Violence campaign during the global 16 Days of Activism against gender-based violence.

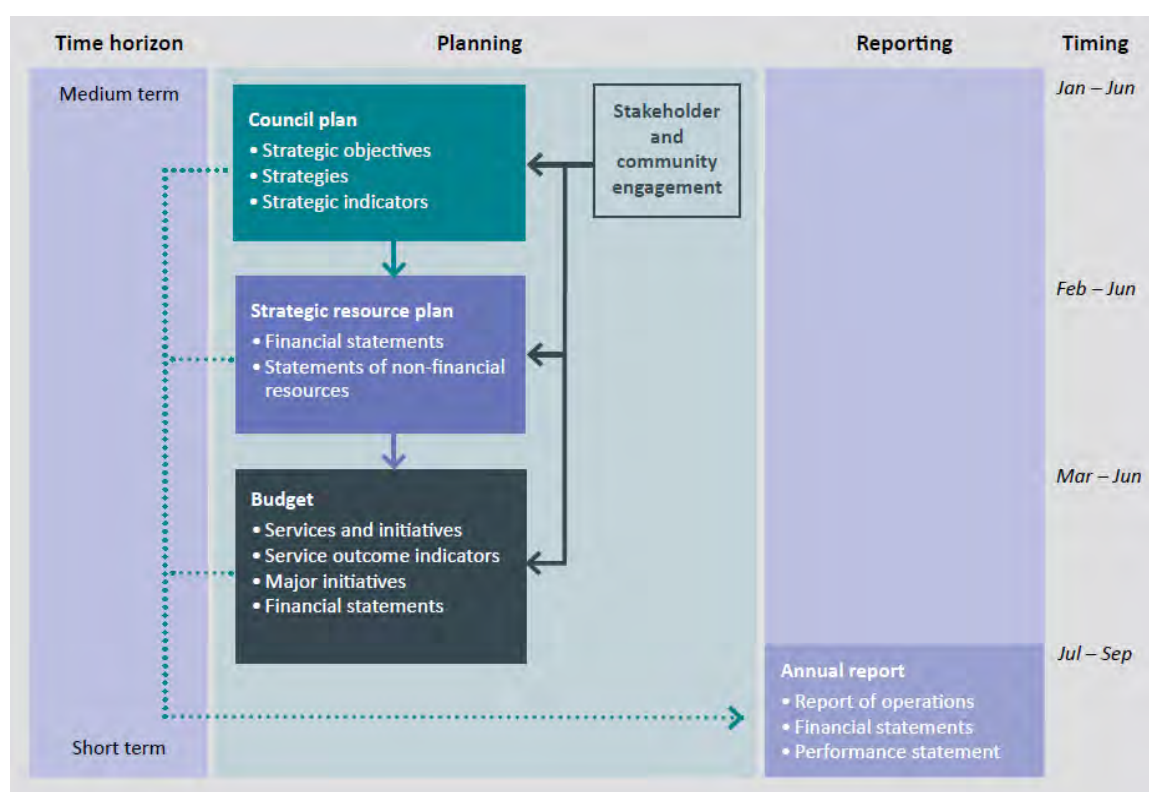
Section five: Our Performance (Council Plan)

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 47.9 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 2018-19 in each of the areas of focus.

Council's performance for the 2018-19 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 Annual Budget 2018/19;
- Results against the prescribed service performance indicators and measures; and
- Services funded in the budget.

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



*Orbst Streetscape Upgrade,
Nicholson Street.*

Strong communities



*Multi-agency Drought Support Hub,
East Gippsland Field Days*

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.

STRATEGIC INDICATORS

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

Strategic Indicator	2017-18	2018-19	Comments
Increase in library activity from the previous year	365,301	394,338	This year saw another increase in library activity from the previous year. The biggest change in activity was the number of people through the door increased by 16,410 from last year and e-material use has increased by 10,333.
Number of people participating in library programs	14,975	17,139	This increase can be attributed to an increase of programs available, those being offered in our remote communities and the increased use and popularity of the libraries' email list.
Percentage of people volunteering in East Gippsland	25.3% (2011)	24.8% (2016)	Although the percentage of people volunteering is decreasing, the number of people volunteering increased by 549 between 2011 and 2016. <i>(Data source: Australian Bureau of Statistics, Census of Population and Housing, 2016 (Usual residence data)).</i>
Increase the number of people reported as 'engaged' on Council's Your Say website	562	174	This figure records the number of people who engaged in a project through Your Say (people who participated in a survey, contributed to a project newsfeed, or asked a question through the site). The number was higher in 2017-18 due to a high level of participation on the Renewable Energy Project and the customer service priorities.
Percentage of people who rate Council's performance as 'Very Good' or 'Good' for community consultation and engagement	35%	31%	There was a four per cent decrease in respondents who rated Council's performance as very good or good for community consultation. The demographic that was most favourable to community consultation was the 35-49 years age group. <i>(Data source: EGSC Community Satisfaction Survey conducted by JWS Research)</i>
Immunisation coverage rates	96%	96%	The Federal Government set a benchmark early in 2017 to 95% coverage rate. This rate encompasses the early childhood immunisation program.

Strategic Indicator	2017-18	2018-19	Comments
Number of Local Incident Management Plans implemented in communities based on their risk level	8	12	There were four Local Incident Management Plans (LIMP) developed and a further eight were reviewed. The communities that had a LIMP developed were Mallacoota, Cabbage Tree Creek, Genoa and Cann River.

PROGRESS AGAINST MAJOR INITIATIVES

MAJOR INITIATIVE	PROGRESS
Major initiative 1 - Continue to pilot approaches to Place Planning in selected communities across the shire	On schedule (ongoing multi-year project). The development of district level community plans, using a "place planning approach" has occurred in three districts; Cann Valley, Twin Rivers and Mountain Rivers (Snowy to Errinundra). Place planning 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 evaluation of the place-based model and review of the three districts has been completed, along with the development of a Community Readiness Model. This will inform future practice for the development of District Community Plans across the remainder of the shire. District Community Representative Groups have been established in each district. A range of engagement approaches have been used as part of the project, including: formal online surveying using Your Say and Survey Monkey, community asset mapping workshops and visioning workshops. A large amount of data has been collected and will be used to evaluate the reach of engagement activities.
Major initiative 2 - Upgrade the Bairnsdale Aquatic and Recreation Centre	Completed. The Bairnsdale Aquatic and Recreation Centre (BARC) redevelopment is complete and opened on 13 May 2019. An official opening was held on 29 June 2019. By using a local building company, the project was able to be delivered on time and on budget (\$6.63 million). The redevelopment includes an expanded aquatic area with a new warm water pool, redeveloped interactive children's water play area and upgraded all-accessible change facilities. The reception and café areas were also expanded and upgraded as part of the redevelopment. Since the facility has been open to the public a significant amount of positive feedback has been received from the community, especially from families and people with a disability.

MAJOR INITIATIVE	PROGRESS
Major initiative 3 – Implement the new Municipal Health and Wellbeing Plan	Behind schedule. The priorities within the Health and Wellbeing Plan continue to drive Council's delivery and support for a wide range of initiatives that impact on the Health and Wellbeing of the East Gippsland community. The Plan has been used by a number of stakeholders, including four key networks that align with the Health and Wellbeing Plan priority areas. A draft Action Plan is in development, which has involved collating actions from these four key networks. This draft has been forwarded to key stakeholders for comment, which will be followed by broader consultation before it is finally adopted by Council.
Major initiative 4 - Implement the Bairnsdale Sporting Facilities Plan and extend this approach to the communities across the Shire	Completed. A range of projects identified within the Bairnsdale Sporting Facilities Plan are progressing and on schedule. These include: • The finalisation of the short-term lease for the WORLD site, while negotiations regarding a longer-term lease have commenced; • Preliminary planning and site surveying is complete for the WORLD Hockey and Soccer lighting project; • Council obtained a grant for the redevelopment of the Lucknow Recreation Reserve netball courts and pavilion, which has led to detailed design work starting for this project; and • Initial data gathering has commenced for the development of the East Gippsland Sporting Facilities plan to extend across the shire. The Bairnsdale Sporting Facility Plan won the Parks and Leisure Regional Award for the Best Regional/Rural Industry Contribution Award in May 2019.
Major initiative 5 - Implement the recommendations of the Creative Communities Advisory Board	On hold. A major initiative of the former Creative Communities Advisory Board is to develop an Arts and Culture Strategic Plan using the Cultural Development Network framework. The development of the strategy has been the primary focus over the year and a full draft has been completed, which includes extensive research and evidence required by the framework. Whilst the strategy is close to completion, it has been delayed pending resolution of the internal organisation structure change and other issues to enable further consultation. This will ensure there is a more robust understanding of the needs of the sector before progressing.

MAJOR INITIATIVE

PROGRESS

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

On schedule (ongoing multi-year project). The project is currently in Phase Two, with the focus on evaluating councils' emergency management capability and capacity against the responsibilities and activities identified in the Position Paper. An evaluation platform has been created to capture data from each council and they will receive their results as soon as they complete the evaluation.

Individual council results will not be shared with other councils or the public. The intention is for councils to use their results to gain an understanding of their organisation's emergency management capability and capacity before, during and after emergencies. The data will then help Council to plan for or improve how it undertake its emergency management responsibilities and activities.

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
	2015-16	2016-17	2017-18	2018-19	
Animal Management					
Timeliness <i>Time taken to action animal requests¹</i>	2.10	2.36	2.25	3.42	The average days has increased from the previous year due to an additional 512 animal requests that needed to be managed.
Service standard <i>Animals reclaimed²</i>	40.30%	58.10%	56.77%	57.96%	Our result remains consistent with previous year's. Council will continue providing proactive education programs to minimise the number of animals needing to be collected and maximize the number being reclaimed.

¹ [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]

² [Number of animals reclaimed / Number of animals collected]

Indicator Measure	Results				Comments
	2015-16	2016-17	2017-18	2018-19	
Service cost <i>Cost of animal management service³</i>	\$18.13	\$24.98	\$37.66	\$52.96	The increase in cost reflects an increase in demand from the community for animal management activity (increase in call outs and overtime), the Community Laws Officers were not required to conduct fire prevention work this year (which would allocate staff costs to a separate service budget) and a large reduction in the number of registered animals (increasing the cost per animal). Prior to 2017-18 the cost of pound services was not included, resulting in higher costs for the past two years.
Health and safety <i>Animal management prosecutions⁴</i>	0	1	7	2	Animal management initiatives have been successful resulting in fewer prosecutions this year.
Aquatic Facilities					
Satisfaction <i>User satisfaction with aquatic facilities⁵</i>	n/a	n/a	n/a	n/a	Historically Council has not conducted a user satisfaction survey, although capturing this data will be considered in the future. Council was unable to conduct a survey in 2018-19 due to significant redevelopment works at the Bairnsdale Aquatic and Recreation Centre limiting the value.

³ [Direct cost of the animal management service / Number of registered animals]

⁴ [Number of successful animal management prosecutions]

⁵ [User satisfaction with how council has performed on provision of aquatic facilities]

Indicator Measure	Results				Comments
	2015-16	2016-17	2017-18	2018-19	
Service standard <i>Health inspections of aquatic facilities⁶</i>	2	0	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 (when open) is tested by qualified and trained staff five times a day. All Council pools also underwent microbiological water testing by an independent laboratory, with all test results coming back negative.
Service Standard <i>Reportable safety incidents at aquatic facilities⁷</i>	2	2	0	0	No reportable incidents occurred in 2018-19.
Service cost <i>Cost of indoor aquatic facilities⁸</i>	\$4.86	\$4.82	\$4.28	\$4.52	The slight increase in cost compared to the previous year is due to both centres having both planned and unplanned closures for redevelopment works, which impacted on attendance. Bairnsdale Recreation and Aquatic Centre had a three-week planned closure and Lakes Entrance Aquadome had a six-week unplanned closure.

⁶ [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]

⁷ [Number of WorkSafe reportable aquatic facility safety incidents]

⁸ [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]

Indicator Measure	Results				Comments
	2015-16	2016-17	2017-18	2018-19	
Service cost <i>Cost of outdoor aquatic facilities⁹</i>	\$13.24	\$15.63	\$13.49	\$12.37	The cost to deliver the two outdoor pools saw a minor increase from the previous year but there was an improved performance for this indicator due to an additional 2,320 visits in 2018-19 compared to the previous year. There was a total of 18,595 visit across the two outdoor pools in 2018-19.
Utilisation <i>Utilisation of aquatic facilities¹⁰</i>	6.45	8.12	8.45	8.31	Both of the indoor facilities had major redevelopment works over the year, which impacted attendance due to the facility and pool area closures. This was slightly countered by the opening of the redeveloped Bairnsdale Aquatic and Recreation Centre aquatic area, which experienced an increase in attendance for the six weeks it was opened in the reporting year.
Food Safety					
Timeliness <i>Time is taken to action food complaints¹¹</i>	1.15	1.45	2.26	2.29	Due to the complexity of the complaints it took council officers longer to action complaints received.
Service standard <i>Food safety assessments¹²</i>	92.08%	102.62%	100.28%	100.56%	Our results are consistent with previous years and more than minimum required. This is due to food safety assessments being carried out on businesses that have subsequently transferred.

⁹ [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]

¹⁰ [Number of visits to aquatic facilities / Municipal population]

¹¹ [Number of days between receipt and first response action for all food complaints / Number of food complaints]

¹² [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment by the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment by the Food Act 1984] x100

Indicator Measure	Results				Comments
	2015-16	2016-17	2017-18	2018-19	
Service cost <i>Cost of food safety service¹³</i>	\$528.01	\$548.58	\$567.57	\$686.71	The increase in cost of service is a result of appointing an additional Environmental Health Officer.
Health and safety <i>Critical and major non-compliance outcome notifications¹⁴</i>	100%	100%	100%	90.48%	Two notifications were not followed up due to incorrect data entry in the reporting system. The data entry of critical and major non-compliances has since been reviewed and improvements have been made.
Libraries					
Utilisation <i>Library collection usage¹⁵</i>	3.26	3.28	3.11	3.31	This figure shows a slight increase due to the clearing out of non-borrowed items.
Resource standard <i>Standard of library collection¹⁶</i>	51.46%	55.77%	58.15%	59.06%	Another slight increase in the number of items under five years old. This is representative of the new items purchased each year and the ongoing deselection of older non-used items from the collection.
Service cost <i>Cost of library service¹⁷</i>	\$3.70	\$3.84	\$3.52	\$3.46	Direct cost of the library service per visit is relatively the same as 2017-18. Staffing movements may have had an effect on this amount with a number of positions being vacant for several months.

¹³ [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]

¹⁴ [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x100

¹⁵ [Number of library collection item loans / Number of library collection items]

¹⁶ [Number of library collection items purchased in the last 5 years / Number of library collection items] x100

¹⁷ [Direct cost of the library service / Number of visits]

Indicator Measure	Results				Comments
	2015-16	2016-17	2017-18	2018-19	
Participation <i>Active library members¹⁸</i>	22.33%	21.35%	20.13%	19.60%	Council's steady decline in this indicator is consistent with industry results. This indicator records an active member of the library as anyone who has borrowed any print material (such as books and magazines), audio visual and digital materials (such as audio books, CDs, videos and e-books). Council records active members as those who physically attend the library and use their membership card; therefore, members who only borrow e-material are unable to be recorded.

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2018/19.

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.	375 <u>403</u> 28
Community Laws	This service also maintains and improves the health and safety of people and the environment. This includes staff at school crossings throughout the municipality to ensure that school children are able to cross the road safely. Animal management services are delivered in accordance with the <i>Domestic Animals Act 1994</i> and include a lost and found notification service, a contracted pound service, registration and administration service, an after hours service and an emergency service. It also provides	694 <u>710</u> 16

¹⁸ [Number of active library / Municipal population] x 100

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
	education, regulation and enforcement of the General Local Law and relevant Victorian Government legislation.	
Community Planning	The Community Planning function supports, encourages and works with citizens and community groups to identify their needs and aspirations and how to achieve them with responsive, high quality services and facilities.	359 <u>332</u> (27)
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.	474 <u>615</u> 141
Community Support	Council has service agreements with suitable accredited organisations across the Shire that provide a range of Home and Community Care services (HACC) 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 these organisations for the provision of the specified services and Council makes a financial contribution to the operations of each of the providers.	712 <u>663</u> (49)
Emergency Management	Council works collaboratively with relevant stakeholders to help communities prepare for emergency events and natural disasters and, in times of emergency, respond to their needs and help them recover.	901 <u>958</u> 57
Emergency Response	Council has a significant responsibility in emergency management and disaster response across East Gippsland, along with other lead agencies. Although the Australian Government provides significant funding to repair and reconstruct assets following natural disasters, Council (in the first instance) is required to fund the response and then seek recompense after the event. Council therefore carries that burden while waiting for reimbursement, which can impact upon current plans for infrastructure planning and maintenance.	0 <u>0</u> 0
Family and Youth Services	Council supports preschools, playgroups and early years programs. Support is also provided to suitably accredited 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.	423 <u>482</u> 59

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Library Services	Council provides library and outreach services at six locations within the municipality including mobile library services to its 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.	1,092 <u>1,137</u> 45
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 the regions cultural diversity and enrich the lives of our community and visitors.	522 <u>497</u> (25)
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.	203 <u>257</u> 54
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.	2,611 <u>2,251</u> (360)
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.	2,912 <u>1,856</u> (1,056)

A liveable region



Giles Street road extension and bridge, Bairnsdale.

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

STRATEGIC INDICATORS

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

Strategic Indicator	2017-18	2018-19	Comment
Target area roadside weed control treated	437 km	480 km	453 km of Regionally Controlled Weeds and 27 km of Regionally Prohibited Weeds were treated under the <i>Catchment and Land Protection Act 1994</i> .
Decrease the infrastructure renewal gap (Asset renewal compared to depreciation)	71.86%	112.51%	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.
Reduce emissions from council's energy use (CO₂)	6,361	6,548	In 2018-19 Council's internal buildings and operations were responsible for 6,548 tonnes of CO ₂ –e (equivalent) emissions. This is slightly up from the previous year, mainly due to an increase in fuel consumption with our car fleet, the Raymond Island ferry and machinery at the landfills.
Reduce Council's energy use (GJ)	24,769	21,969	Council again saw a decline in energy use in 2018-19 compared to the previous year. Electricity used in Council facilities is mostly from the grid, which is a high emissions intensive energy source. Reductions have resulted from the installation of grid connected solar on a number of libraries the previous year and the reduced natural gas use during the BARC upgrade. There was increase overall energy use in unmetered streetlights as more were added, and in electricity from the BARC upgrade.

PROGRESS AGAINST MAJOR INITIATIVES

MAJOR INITIATIVE	PROGRESS
Major initiative 7 - Complete shire-wide road resealing and gravel road resheet programs for high priority works	Completed (2018-19 program). This year's program was completed with \$1.88 million spent across the region. Council had previously used cement for stabilising the reseat, whereas this year an asphalt deep lift was used in a number of areas, while other areas had the pavement removed and replaced with new material and a geo fabric to improve the longevity of the repairs. The 2018-19 gravel resheet program was delivered for \$426,000. This was below budget due to drought conditions limiting the water supply impacting on certain regions.
Major initiative 8 - Improve streetscapes in Bairnsdale, Orbost and Lakes Entrance	Bairnsdale: Behind schedule. Stage 3 of the 'Re-imagining Bairnsdale' masterplan, along Nicholson Street between Service Street and mall, was delayed and will not be completed until early in the next financial year. Works completed to date include the watermain replacement, footpath upgrades and landscaping to the northern side of Nicholson Street. Orbost: Behind schedule. The streetscape upgrade in Orbost is delayed and not expected to be completed until early in the next financial year. Works completed to date include the replacement of footpaths, installation of street furniture, retaining walls and landscaping. The main pedestrian crossing has also been completed. Lakes Entrance: On schedule. The streetscape upgrades in Lakes Entrance represent a multi-year program of works. Council has been able to successfully deliver joint projects with Regional Roads Victoria predominately to the southern side of the Esplanade. The stage one of the replacement seawall has also featured the inclusion of a new boardwalk and pedestrian lighting.

MAJOR INITIATIVE	PROGRESS
Major initiative 9 - Implement the Waste Facilities and Disposal Strategy	Completed 2018-19 actions. Delivery of actions from the Waste Facilities and Disposal Strategy were mostly delivered on time and budget. Major activities included: • participation in Gippsland-wide activities to assess the best options for kerbside collection into the future; • construction of a major electronic waste collection facility at the Bairnsdale Landfill. Negotiations have commenced with third parties for the management of this facility; • design and manufacture portable e-waste collection facilities for remote locations; • finalisation of the rehabilitation of the former landfill at Bosworth Road, Bairnsdale; • development of the next cell at the Bairnsdale Landfill (Cell 3B) - with this project delayed by the implications of bushfires in the region; • finalised design for the Lakes Entrance Landfill capping and transition to a transfer station; and • upgrade of the Bemm River Transfer Station.
Major initiative 10 - Continue to implement and source funding to support implementation of the Renewable Energy Feasibility Study priority projects for East Gippsland	Completed 2018-19 actions (ongoing project). The Renewable Energy Feasibility Study business case has been submitted to the Department of Environment, Land, Water and Planning. The business case involved three pilot projects: the Multi-site Feasibility Study, Solar Bulk Buy, and Energy Information Hub, which all demonstrated positive returns on the investment. Solar feasibility reports were provided to local businesses that participated in Multi-site Feasibility Study. Results of the evaluation surveys informed the final business case. The Solar Bulk Buy finished on 30 June 2019; the evaluation and final report ready to be presented to Council. A total of 320kW of solar power was installed for residential systems and 15kW for commercial. Implementation of the Energy Information Hub was completed as part of New Energy Jobs Fund project, with the outcomes from the hub are reported in final business case. The project included a range of energy efficiency and independent solar information sessions for residents, including workshops and drop-in sessions, and a 7kw solar system was installed as a demonstration model for the community.

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
	2015-16	2016-17	2017-18	2018-19	
Roads					
Satisfaction of use <i>Sealed local road requests¹⁹</i>	21.66	19.45	18.49	18.71	Continued drier than normal conditions contributed to a similar level of customer service requests as the 2017-18 reporting period in addition to ongoing work with Council's road maintenance contractor to address road maintenance issues in a timely manner.
Condition <i>Sealed local roads below the intervention level²⁰</i>	94.01%	94.83%	96.59%	96.79%	Council has continued its frequency of auditing the standard and quality of works of its road maintenance contractor. As a result, there has been an ongoing improvement in the standard of the municipal road network.

¹⁹ [Number of sealed local road requests / Kilometres of sealed local roads] x100

²⁰ [Number of kilometres of sealed local roads below the intervention renewal level set by Council / Kilometres of sealed local roads] x100

<i>Indicator measure</i>	Results				Comments
	2015-16	2016-17	2017-18	2018-19	
Service cost <i>Cost of sealed local road reconstruction²¹</i>	\$63.64	\$29.78	\$26.90	\$58.85	The cost has doubled due to a different road treatment being used in 2018-19. Previously Council used cement for stabilising, whereas this year an asphalt deep lift was used in a number of areas, while other areas had the pavement removed and replaced with new material and a geo fabric to improve the longevity of the repairs. The enhanced road reconstruction methodology comes with additional cost but will ultimately be far more durable and will result in overall cost savings to ratepayers.
Service cost <i>Cost of sealed local road resealing²²</i>	\$5.23	\$8.50	\$5.00	\$5.02	Council, through its sealing contract arrangements, continue to deliver its sealing program in a cost effective manner.

²¹ [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]

²² [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]

Indicator measure	Results				Comments
	2015-16	2016-17	2017-18	2018-19	
Satisfaction <i>Satisfaction with sealed local roads</i> ²³	46	46	50	49	From reviewing the community satisfaction survey results it was identified that the responses received demonstrated that the more common responses of specific roads with the highest levels of dissatisfaction were controlled by Regional Road Victoria, not being within Council's control.
Statutory Planning					
Timeliness <i>Time taken to decide planning applications</i> ²⁴	63	49	43	38	Processes have been refined to reduce time taken to decide planning applications.
Service standard <i>Planning applications decided within 60 days</i> ²⁵	79%	85.44%	81.82%	85.66%	Processes have been refined to reduce time taken to decide planning applications.
Service cost <i>Cost of statutory planning service</i> ²⁶	\$1,835.60	\$1,971.56	\$2,010.71	\$2,278.66	An increase in the cost of service is due to the decline in the number of planning applications from 510 in 2017-18 to 484 in 2018-19.

²³ [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]

²⁴ [The median number of days between receipt of a planning application and a decision on the application]

²⁵ [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100

²⁶ [Direct cost of statutory planning service / Number of planning applications received]

Indicator measure	Results				Comments
	2015-16	2016-17	2017-18	2018-19	
Decision making Council planning decisions upheld at VCAT ²⁷	33.33%	50%	66.67%	25.00%	Four of Council's planning decisions were appealed to VCAT, with one being upheld and the remaining three were set aside (overturned) by VCAT as they did not agree with Council's decision.
Waste Collection					
Satisfaction Kerbside bin collection requests ²⁸	16.23	16.81	19.79	32.96	The number of bin requests has increased dramatically this year when compared to 2017-18 as previous years reporting used inaccurate data. This has now been rectified.
Service standard Kerbside collection bins missed ²⁹	1.78	2.35	1.66	1.63	Our kerbside collection drivers use GPS tracking and an efficient routing system to maintain a high standard of collecting bins.

²⁷ [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

²⁸ [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000

²⁹ [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000

Indicator measure	Results				Comments
	2015-16	2016-17	2017-18	2018-19	
Service cost <i>Cost of kerbside garbage collection service³⁰</i>	\$53.56	\$79.13	\$53.89	\$72.95	The cost of garbage collection has fluctuated over the past years because of inconsistent inclusion of additional service cost above the service standard contract fee. When adding the additional costs, the result for 2017-18 should have been reported as \$70.63, which would make the result consistent with 2018-19.
<i>Cost of kerbside recyclables collection service³¹</i>	\$38.48	\$39.76	\$47.11	\$48.88	Consistent with previous year's result, which includes the ongoing cost of service increase in 2017-18 due to changes in the former market for recyclable waste no longer being available.
Waste Diversion <i>Kerbside collection waste diverted from landfill³²</i>	54.08%	53.01%	50.81%	51.45%	Council has made improvements with enhanced resource recovery, developing a collaborative partnership with the tip shop to reduce waste and continued effort with promoting waste education.

³⁰ [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]

³¹ [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]

³² [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2018/19:

Business area	Description of services provided	Net Cost Actual
		<u>Budget</u> Variance \$'000
Asset Maintenance	This service provides management and ongoing maintenance of the Council's assets, including 2,950Km of roads, 203 bridges and 23 pedestrian bridges; over 300km of drains, 186Km of footpath, and 533Km of kerb and channel; numerous playgrounds, parks, gardens, and recreation reserves; three aerodromes; over 4,500 street lights; 41 public jetties, 19 fishing platforms and 31 boat ramps; and the Raymond Island Ferry.	28,141 <u>23,090</u> (5,051)
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 assets include roads, laneways, car parks, foot/bike paths, drains and bridges.	302 <u>388</u> 86
Building Control	This service enforces statutory building regulations under the Victorian Building Code. These include providing advice on building permits and legislation, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.	62 <u>129</u> 67
Environmental Management	The Environmental Management function identifies and manages broad-based environmental issues on Council owned or managed land including Mosquito Management Program, pest plants and animals and urban waterways.	745 <u>974</u> 229
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.	285 <u>320</u> 35
Parks and Gardens	Parks and Gardens manages and implements open space strategies and maintenance including mowing, garden maintenance, annual plant displays, weed control and walking track maintenance. It also provides tree maintenance including inspection, pruning and removals.	2,731 <u>3,403</u> 672
Project Management	This service undertakes project planning, design and delivery of various works within Council's Capital Works Program.	387 <u>473</u> 86

Business area	Description of services provided	Net Cost
		Actual
		<u>Budget</u>
		Variance
		\$'000
Statutory Planning and Development Services	Statutory planning services assess planning applications in accordance with the <i>Planning and Environment Act 1987</i> , the Planning Scheme and Council policies to ensure that our 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.	173 <u>780</u> 607
Strategic Planning	This service aims to deliver vibrant, connected and productive places and infrastructure to meet current and future community needs. Strategic Planning advocates for and implements land use policies, plans and standards that guide land use development and promote sustainable design, development and heritage conservation. This is supported through continual reviews and improvements to the East Gippsland Planning Scheme.	1,501 <u>1,878</u> 377
Waste Services	This service provides kerbside waste collection of household rubbish, recycling and green waste from households; and manages landfill and transfer station facilities. The service operates and rehabilitates Council's current and legacy landfills, and manages the East Gippsland Waste and Recycling Centre in ways that promote positive waste behaviour in the community and minimise environmental impacts.	364 <u>453</u> 89
Works	This service manages and maintains Council's building infrastructure and assets. It includes Council's vehicles, machinery and equipment and place-based works crews.	2,600 <u>3,648</u> 1,048

**A growing regional
area with opportunities**

*Pop-up Visitor Information Centre,
Lakes Entrance foreshore.*



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

STRATEGIC INDICATORS

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

Strategic Indicator	2017-18	2018-19	Comments
Increase in the number of registered businesses in the region	4,405	Data not yet available	The breakdown of registered businesses based in East Gippsland in 2018 include: 71 businesses that hire 20 or more people, 390 new businesses were established in 2017-18 and the most number of businesses in an industry is Agriculture, Forestry and Fishing (1,085). <i>(Data source: ABS Regional Data – East Gippsland)</i>
Growth of Gross Regional Product	\$2.291 billion	\$2.440 billion	The total estimated gross regional product for East Gippsland is \$2.440 billion, which is up \$0.149 billion from the previous year's figure. <i>(Data source: REMPLAN – East Gippsland)</i>
East Gippsland workforce participation rate	51.7% (2011)	47.9% (2016)	Labour force participants are defined as people aged 15 years and over who, in the week before 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. <i>(Data source: .id community profile)</i>
Regional unemployment rate	7.7%	6.1%	The East Gippsland unemployment rate is 6.1 per cent at the end of the March 2019 quarter, which is 1.4 per cent higher than the Regional Victoria rate. The unemployment rate for East Gippsland has been trending down after it reached 9.4% in December 2016. <i>(Data source: Department of Employment Small Area Labour Markets (SALM). (March Quarter 2019).</i>

Strategic Indicator	2017-18	2018-19	Comments
Increase in the percentage of exiting Year 12 students continuing to higher education	30.5%	34.6%	For East Gippsland school leavers 18 per cent of students were undertaking a Bachelor degree, 16 per cent were undertaking a Certificate/Diploma level course and 15 per cent were employed in an Apprenticeship/Traineeship. When compared to the state averages, the proportion of Bachelor degree enrolments is well below state average, while the Certificate/Diploma and Apprenticeship/Traineeship percentage for East Gippsland is above the state average. <i>(Data Source: On Track 2018 Survey. East Gippsland (S). Conducted by State of Victoria (Department of Education and Training)).</i>
Funding dollars received for the expansion and growth of businesses in East Gippsland	No data available	No data available	Council is currently not able to track funding that has been used for the expansion and growth of businesses.
Increase in the number of events held in the region (with event permits)	104	269	There was a total of 269 events that council has some level of involvement with and 352 event permits were issued. We deliver a variety of diverse events throughout the shire.
Increase total visitors to the region	1.343 million	1.496 million	There was a 11.3 per cent increase in total visitors to the region between 2017-18 to 2018-19. Note these figures are derived from sample data and are not exact values and that the 2018-19 figures are from 1 April 2018 - 31 March 2019. <i>(Data source – Tourism Research Australia).</i>
Increase in international visitors to the region	39,000	49,000	The number of international visitors increased from last year by an estimated 10,000 people. Please note these figures are derived from sample data and are not exact values and that the 2018-19 figures are from 1 April 2018 - 31 March 2019. <i>(Data source – Tourism Research Australia).</i>
Increase the length of stay for international and domestic visitors in the region	2.423 million	3.025 million	The length of stay in the region has shown a steady increase over time with a 24.8 percent increase on last year. Please note these figures are derived from sample data and are not exact values and that the 2018-19 figures are from 1 April 2018 - 31 March 2019. <i>(Data source – Tourism Research Australia).</i>

PROGRESS AGAINST MAJOR INITIATIVES

MAJOR INITIATIVE	PROGRESS
Major initiative 11 – Develop and implement a new Economic Development Strategy	Behind schedule. The development of the new Economy Development and Tourism Strategy 2019-2022 is at draft stage, with consultation occurring late in 2018. This included sessions with industry sectors, meetings at all the main towns, meetings with Council stakeholders, the East Gippsland Economic Development Advisory Board and Councillors. The strategy has since been put on hold due to the internal organisation restructure.
Major initiative 12 - Implement the age-friendly plan for East Gippsland	On schedule. Two demonstration projects were undertaken, the development of an Age Friendly Ambassadors program and entering a submission to gain World Health Organization Global Network of Age Friendly Cities and Communities status. Stage one of the Age Friendly Housing project was completed including a scoped project plan. The report on the Age Friendly demonstration projects was completed and sent to the Department of Health and Human Services.

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2018/19:

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Business Growth	The development of business and industry in East Gippsland is supported by this service, which provides 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.	104 <u>157</u> 53
Economic Development	The economic development service assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector and provides opportunities for local residents to improve their skill levels and access employment.	631 <u>777</u> 146

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 information, and assists with the development of major events that stimulate economic benefits and cultural diversity and enhance the wellbeing of residents.	379 <u>408</u> 29
Major Projects	This service works with the Victorian Government, industry and business to facilitate and advocate for major planning, infrastructure and investment projects aimed at opening significant opportunities for business growth and employment for the region.	0 <u>0</u> 0
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.	591 <u>530</u> (61)

Good governance

Council scored highly in the audit of its Municipal Emergency Management Plan.



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.

STRATEGIC INDICATORS

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

Strategic Indicator	2017-18	2018-19	Comments
VAGO assessment of Council's Financial Sustainability Indicators deemed high risk	0	Report not yet available	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	\$2.852 million	\$8.546 million	Council received funding to address critical regional infrastructure upgrades for the Roads to Recovery Program (\$4.344 million), Giles Street Bridge Bairnsdale construction (\$2.621 million), Lakes Entrance Seawall Replacement (\$1.321 million) and Drought Relief Infrastructure Project (\$0.260 million).

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
	2015-16	2016-17	2017-18	2018-19	
Governance					
Transparency Council resolutions at meetings closed to the public ³³	18.57%	26.85%	19.46%	2.67%	The percentage of council resolutions made closed to the public has decreased significantly from the previous year due to a change in process around resolving confidential decisions. The change is that

³³ [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

					confidential issues are discussed in closed session, but no decisions are made until the meeting is reopened to the public.
Consultation and engagement <i>Satisfaction with community consultation and engagement³⁴</i>	52	47	52	48	The decrease in this rating will be addressed by reviewing Council's engagement framework and associated policy, providing staff training and will review and improve community engagement opportunities on key strategic documents and what is delivered through them.
Attendance <i>Council attendance at Council meetings³⁵</i>	87.58%	94.44%	96.53%	90.97%	The attendance decreased due to a Councillor being suspended for three months during the year.
Service cost <i>Cost of governance³⁶</i>	\$51,303.11	\$50,058.44	\$52,986.14	\$53,182.56	A slight increase is in line with the annual increment to Councillor allowances.

³⁴ [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]

³⁵ [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

³⁶ [Direct cost of the governance service / Number of councillors elected at the last council general election]

Satisfaction	49	50	51	46	Council will address the decrease in this rating by exploring ways to improve communication about Council's advocacy work on behalf of the community. Council will also review and improve community engagement on key strategic documents (e.g. Council Plan, annual budget and community plans) and what is delivered through them.
<i>Satisfaction with council decisions³⁷</i>					

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2018/19:

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.	1,440 <u>1,892</u> 452
Finance and Treasury	This service predominantly provides financial services to both internal and external customers including the management of Council's finances, payment of salaries and wages, and raising and collection of rates and charges.	(14,773) <u>(6,215)</u> 8,558

³⁷ [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Governance	This service provides a range of governance, statutory and corporate support services to Council, including coordination of business papers for meetings of the Council and its committees; coordination of arrangements for Council and committee meetings and the maintenance of statutory registers and the conduct of municipal elections. An Audit and Risk Committee supports this service. This service also provides the framework, oversight and advice to support Council in complying with statutory procurement and contracting provisions.	2,817 <u>2,838</u> 21
Media, Communications and Civic Events	This service oversees provision of advice on communications, in consultation with relevant stakeholders, on behalf of Council. It also provides in-house graphic design services. This service also conducts civic events to recognise, commemorate and celebrate prominent citizens and the successful delivery of significant Council programs, infrastructure and projects.	551 <u>558</u> 7

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

STRATEGIC INDICATORS

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

Strategic Indicator	2017-18	2018-19	Comments
Increase in digital transactions for payments	98,579	102,070	There is an increase of 3,491 in payments. This figure includes digital transactions (through the website and BPay) and payments through Australia Post.
Percentage of council's workforce that are of Torres Strait Islander and Aboriginal heritage	No data available	No data available	Council does not currently record this information.

PROGRESS AGAINST MAJOR INITIATIVES

MAJOR INITIATIVE	PROGRESS
Major initiative 13 - Finalise the Business Systems Transformation	On hold. This initiative never commenced due to being put on hold pending the direction and outcome of the Gippsland Shared Services Initiative.
Major initiative 14 - Undertake Service Planning to establish service levels and community expectations	On hold. A draft Service Planning template was developed and presented to the Strategic Leadership Group with a revised list of services. The planning template will provide details of the service, intended outcome, outputs, Key Performance Indicators and links to key strategies and policies. The project has been on hold pending the organisation restructure, with the intention to recommence work in the new financial year.
Major initiative 15 - Implement the Digital Strategy	On hold. The major system upgrades of the Digital Strategy are on hold pending the direction and outcome of the Gippsland Shared Services Initiative. Although there was progress with the upgrade to the Asset Management System and development of a new internal intranet platform.

MAJOR INITIATIVE

PROGRESS

Major initiative 16 - Implement the Customer Service Strategy

On schedule. The Draft Customer Service Strategy is under review to incorporate the various changes that have occurred in the past 12 months, including the commencement of Council's new CEO and the scoping of the Gippsland Shared Services Initiative. There have also been other external factors influencing the need to update the strategy to meet customer needs and address opportunities and challenges internally.

The strategy has had a few changes including the title now being changed to Customer Experience Strategy, the framework and action plan incorporating four overarching goals that have actions grouped together to drive the necessary outcomes. The action plan is being reviewed to realign the priorities over three years to deliver and implement the strategy.

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2018/19:

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, aerodromes, marinas and the East Gippsland Livestock Exchange.	(1,103) <u>(1,204)</u> (101)
Customer and Civic Services	This service acts as the main customer interface with the community. It provides accessible, high-quality customer service at Council's Service Centres, which connects people to Council services and general information.	2,057 <u>1,914</u> (143)
Human Resources	This service 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.	1,051 <u>1,382</u> 331

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Information Services	This service provides, supports and maintains reliable and cost-effective communications and computing systems, facilities and infrastructure to Council staff enabling them to deliver services in a smart, productive and efficient way. It is also responsible for the provision of document and information management support services and compliance with statutory obligations under Freedom of Information and Information Privacy legislation.	3,687 <u>4,500</u> 813
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 units.	398 <u>483</u> 85
Property Management	This service manages Council's property portfolio, including purchases, sales, leases and licenses to ensure land is used effectively and in the best interests of current and future generations. It also supports local groups that have a focus on land and facility stewardship.	294 <u>354</u> 60
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 Council and that its risk exposure is minimised through proactive and comprehensive systems and processes.	1,174 <u>1,211</u> 37

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.

Examples of work undertaken in the past year include:

- Advocating to federal and state governments for assistance for East Gippsland's drought-affected farmers, businesses and communities.
- Holding council meetings in towns across the shire as part of the 'Council in the Communities' initiative.
- A major stakeholder and community engagement program was undertaken in three districts to capture information to help develop three new District Community Plans.

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 social media channels and is regularly provided to media organisations.

Meetings of Council

Council conducts open public meetings, generally on Tuesdays each month in accordance with the annual schedule of Council meetings. 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 2018-19:

- 12 Ordinary Council Meetings
- 4 Special Council Meetings
- 10 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 2018-19 financial year.

Councillor	Ordinary Council Meeting	Special Council Meeting
Cr Ben Buckley	9	1
Cr Richard Ellis	11	4
Cr Natalie O'Connell	11	3
Cr Marianne Pelz	11	4
Cr Mark Reeves	9	3
Cr Joe Rettino	12	4
Cr Jackson Roberts	9	4
Cr Colin Toohey	9	4
Cr John White	12	4

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 their income and population. East Gippsland is a category two council.

From 1 July to 30 November 2018 the Councillor annual allowance for a category two council was \$25,255 per annum and the allowance for the Mayor was \$78,051 per annum.

The Minister for Local Government approved an annual adjustment of 2.0 per cent to take effect from 1 December 2018. From that date, the annual allowances were \$25,730 per annum for the Councillor allowance and \$79,612 per annum for the Mayoral allowance. An amount equivalent to the 9.5 per cent superannuation guarantee is payable in addition to the allowances.

Councillor	Allowance \$
Cr Ben Buckley	20,896 ¹
Cr Richard Ellis	27,859
Cr Natalie O'Connell	66,229 ²
Cr Marianne Pelz	28,859
Cr Mark Reeves	25,890
Cr Joe Rettino	47,825 ²
Cr Jackson Roberts	27,859
Cr Colin Toohey	27,859
Cr John White	27,859
Total	300,135

¹ – Cr Buckley served a Code of Conduct suspension during the reporting year.

² – Cr Rettino was Mayor for part of the reporting year, succeeded by Cr O'Connell

Councillor expenses

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/ Training \$	Office expenses \$	Delegate Costs \$	Other Council representation \$	Vehicle \$	Total \$
Cr Ben Buckley	1,320	0	1,218	100	0	11,493	14,131
Cr Richard Ellis	0	4,578	1,887	4,445	742	13,998	25,650
Cr Natalie O'Connell	0	8,382	1,044	0	1,214	13,998	24,638
Cr Marianne Pelz	200	3,291	1,110	1,812	946	13,998	21,357
Cr Mark Reeves	0	2,405	859	240	275	13,141	16,920
Cr Joe Rettino	0	10,039	1,038	100	3,045	13,998	28,220
Cr Jackson Roberts	0	0	722	100	109	13,998	14,929
Cr Colin Toohey	0	0	759	423	358	13,998	15,538
Cr John White	0	2,368	931	362	815	13,998	18,474
Total	1,520	31,063	9,568	7,582	7,504	122,620	179,857

Office Expenses include Telephone and Stationery

Conferences/Training, Delegate and Other Council representation costs 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.

Councillors are also encouraged to participate in a 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 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 and Risk 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. This form is available at Council offices or at eastgippsland.vic.gov.au/forms

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.
East Gippsland 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.

The Committee will comprise seven members: four independent external members - one of whom will be Chair; the Mayor of the day; and two other Councillors appointed by Council. An independent external members term will be for a maximum of three years; however, members may re-apply at the end of their term and be re-appointed for further terms.

However, Independent external members may only be appointed for a maximum of three three-year terms. Terms of appointment will be arranged to ensure an orderly rotation and continuity of membership.

The Chair is appointed each February.

In 2018-19 the Audit and Risk Committee members were:

- Michael McStephen (Chair)
- Dr Christopher Shields
- Christine Wrench (to November 2018)
- Cathy Healey
- Jason Hellyer (from December 2018)
- Cr Natalie O'Connell, Mayor (from October 2018)
- Cr Joe Rettino
- Cr John White
- Cr Marianne Pelz (to October 2018)

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 2018-19, the internal auditor reviewed the following systems and procedures:

- Contract management
- Former landfill sites
- Project management

External audit

Council is externally audited by the Victorian Auditor-General. For the 2018-19 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 2018-19 as part of the continual improvement model supported by our insurers.

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: 25 June 2019	✓
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: 25 June 2019	✓
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: Through partnership with the Victorian Government, the first of the Asset Management Plans will be developed by the end of 2019. This will create a template for the development of other classes to follow.	X
6 Rating strategy (strategy setting out the rating structure of council to levy rates and charges)	Strategy Date of operation of current strategy: 5 February 2019	✓
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: 4 September 2018	✓

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: 22 November 2018	✓
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: 13 November 2018	✓
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: 27 March 2019	✓
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: 22 November 2018	✓
13 Risk management framework (framework outlining council's approach to managing risks to the council's operations)	Framework Date of operation of current framework: 16 July 2018	✓
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	✓
15 Internal audit (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at	Engaged Date of engagement of current provider: 1 July 2018	✓

Governance and Management Items	Assessment	
improving council's governance, risk and management controls)		
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. Council published an Annual Report, which was adopted by Council in October 2018; and a Mid-Year Report which was endorsed in March 2019.	✓
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: 11 September 2018, 13 November 2018, 5 February 2019 and 7 May 2019	✓
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: 24 July 2018, 23 October 2018, 26 February 2019 and 23 April 2019	✓
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. Council published an Annual Report, which was adopted by Council in October 2018; and a Mid-Year Report which was adopted in March 2019. Both reports include performance against performance indicators.	✓
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: 9 October 2018	✓

Governance and Management Items	Assessment	
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 – 12 June 2018 Council to Chief Executive Officer – 10 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	✓

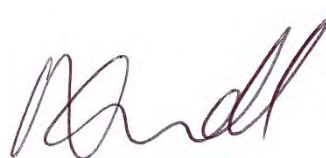
I certify that this information presents fairly the status of council's governance and management arrangements.



Anthony Basford

Chief Executive Officer

Dated: 30 September 2019



Cr Natalie O'Connell

Mayor

Dated: 30 September 2019

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
- Council donations and grants made 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 at eastgippsland.vic.gov.au/forms, at Customer Service Centres, or by contacting Council on (03) 5153 9500.

Council received 26 applications during the reporting year 2018-19.

	2018-19	2017-18	2016-17	2015-16	2014-15
New applications / requests	26	15	16	15 ¹	23
Access granted in full	12	4	1	3	11
Access granted in part	10	8	9	7	8
No documents existed in the requested form/ Act does not comply	1	0	0	2	2
Access denied	0	1	3	0	0
Withdrawn	0	3	1	0	2
Requests outstanding at end of financial year	3	1	2	2	0
Internal reviews	n/a	n/a	n/a	n/a	0
Reviews by Freedom of Information Commissioner	0	1	2	0	1
Appeals lodged with VCAT	0	0	0	0	0
Fees collected	\$722.50	\$369.20	\$418.50	\$408.00	\$583.00
Fees waived	\$22.90	\$28.40	0	0	\$26.50
Charges collected	\$75.00	\$265.30	\$271.90	\$102.00	\$139.20

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.

Council made no protected disclosure notifications to the Independent Broad-based Anti-corruption Commission for the year ended 30 June 2019.

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.

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

During the reporting year, Council received one complaint relating to the management of personal information. The complaint alleged disclosure to a third-party of a person's mobile telephone number. Following an investigation, no evidence could be found to indicate the number had been disclosed by Council or its officers.

Competition and Consumer Law Program

Council has complied with the requirements of the National Competition Policy for the period 1 July 2018 to 30 June 2019 in respect to:

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

Contracts

During the year Council entered into the following contracts/arrangements in accordance with section 186(5)(c) of the *Local Government Act 1989*:

- Pitney Bowes Australia Pty Ltd for the upgrade of the 'Confirm' asset management system;
- Wellington Shire Council for the provision of information and communications technology services.

Council also exceeded the \$150,000 threshold without engaging in a competitive process for the following two services:

- Destination Gippsland Ltd for the delivery of the Drought Communities Program Tourism Marketing Initiative, jointly with Wellington Shire Council. The timing for project delivery restricted the ability to undertake a competitive process and a joint committee of the two councils agreed to engage Destination Gippsland Ltd to undertake the works. The value of the works was \$176,000.
- East Gippsland Newspapers for display advertising. East Gippsland Newspapers is the only provider of newspaper services covering the municipality and three of its mastheads are Council's gazetted publications for giving public notice where required under legislation. Council's expenditure in the 2018-19 year was \$163,770. No competitive process was undertaken nor ministerial exemption sought from a competitive process for these services.

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, social and traditional media.

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. A Service Planning template was developed in 2018-19 that captures the services provided, the value that the service adds, the activities delivered, outputs and outcomes of the service, the customers of the service, service KPIs, budget and cost and resourcing.

Local Laws

The General Local Law 2017 was adopted by Council at its Ordinary Council Meeting in December 2017.

The objectives of this Local Law are to provide for the:

- peace, order and good government of the municipality;
- safety and health of the shire so that the community can enjoy a quality of life that meets its expectations;
- safe, fair use and enjoyment of public places;
- protection and enhancement of the municipality's amenity and environment;
- protection and management of Council and community assets and facilities; and
- fair and reasonable use and enjoyment of private land.

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
2018-19	871	227	422	186	48
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

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.

No such report was required of Council during the reporting year.

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 \$
Alps Link Regional Communities Dev. Assc.	500
Anglican Earth Care Gippsland Inc	2,440
Bairnsdale and District Arts Society	500
Bairnsdale Bridge Club Inc	1,000
Bairnsdale Chamber of Commerce and Industry	2,000
Bairnsdale Computer Club	2,100
Bairnsdale Neighbourhood House Inc	1,350
Bairnsdale Recycling Enterprise Incorporated	4,750
Bruthen Arts and Events Council	9,150
Buchan Recreation and Hall Committee	1,242
Cann River Community Centre	7,730
Crashendo! Bairnsdale Inc.	9,500
East Gippsland Art Gallery	500
East Gippsland United Football Club	5,000
Gippsland East Local Learning and Employment Network	2,500
Gippsland Lakes Community Health	5,900
Great Alpine Gallery Inc	9,000
Heritage Network East Gippsland Inc.	5,000
Hermans, Jill	550
Lake Tyers Health and Children's Services	1,000
Lakes Entrance Aboriginal Health Association	3,500
Lakes Entrance Croquet Club Inc	1,795
Lane, Andrea	500
LEADA	500
LGBTI 50's Plus Art Exhibition	500
Linden Dean Art	264
Lindenow Cricket Club Inc	4,800
Lindenow Recreation and Bowls Club	4,995
Lindenow Sports Ground Committee of Management	2,460
Mallacoota & District Historical Society	5,000

Organisation	Amount \$
Mallacoota Boardriders Inc	3,000
Marine Mammal Foundation	4,000
Metung Bowls Club	2,500
Mount Nowa Nowa Hall Committee Inc.	719
Nowa Nowa Community Development Group	3,818
Omeo and District Agricultural & Pastoral Society Inc	1,764
Omeo Fire Brigade	600
Orbost Garden Club Inc	4,500
Orbost Neighbourhood House Inc	1,133
Orbost Pony Club	4,750
Paynesville Business & Tourism Association Inc	4,000
Paynesville RSL Sub-Branch Inc.	3,800
Rotary Club of Orbost Inc.	3,000
Rural and Community Arts Box Inc.	470
St Hilary's Anglican Church	500
Swan Cove Yoga	2,325
Swan Reach Kinder	500
Swifts Creek & Ensay Landcare Group	5,000
Tamboon Progress Association	2,000
The Country Women's Association of Victoria Inc.	500
Twin Rivers Lions Club (Lions Club of Lakes)	500
U3A Bairnsdale District Inc	2,000
Wacky Wombat Entertainment.	3,500
Total	150,905

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 \$
2019 Vic Bream Classic Series	3,300
40th Australian Minnow Championships	4,000
Centenary Golf Tournament (T100)	4,400
CLB3x3 Lakes Entrance Basketball	5,000
Country Music at the Bairnsdale Show	4,000
East Gippsland Adventure Challenge	7,000
East Gippsland Gallop Hub Run 2018	1,000
Feast of East @ Metung	5,000
Friends of the Mitta Give Back to the Mitta	1,000
Gippsland Lakes Paddle Challenge	3,000
Lakes Entrance New Year Family Fireworks Festival	5,000
Metung Village Green Family Film Nights	2,000
Mitchell River Extreme	5,000
Mitchell River Trail Run	7,000
Omeo High Country Caravan & RV Muster	3,000
Omeo High Country Paddock to Plate Roast & Farmers Market	10,000
Paynesville Food Van Fiesta	10,000
Snowy River Sprint	4,400
Tambo Valley Producers Dinner for the Beef Industry	3,000
Victorian State Cup (Bairnsdale Kart Club)	5,000
Week of Bowls Carnival	1,000
Total	93,100

Committees of Management

Name	Amount \$
A J Freeman Reserve	4,002
Bairnsdale City Oval	17,578
Bemm River Community Recreation Centre	2,423
Bemm River Recreation Reserve	1,392
Benambra Memorial Recreation Reserve	2,869
Benambra Public Hall	1,374
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 and 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
Gelantipy Hall 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	2,181
Lake Tyers Beach Recreation Reserve	916
Lakes Entrance Recreation Reserve	13,777

Name	Amount \$
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
Lochiel Park, Orbost	3,536
Lucknow Hall	2,573
Lucknow Recreation Reserve	7,726
Mallacoota Hall and Recreation Reserve	6,842
Marlo Sports and Tennis Reserve	894
Mossiface Hall	1,090
Newmerella Recreation Reserve	1,308
Nicholson Hall and Tennis Courts	1,830
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
Orbost Community Sports Centre	6,963
Orbost Recreation Reserve (Top Oval)	5,688
Picnic Point Hall, Bairnsdale	2,902
Raymond Island Community Hall	1,823
Sarsfield Recreation Reserve	2,714
Simpsons Park Hall & Reserve	1,453
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	220,642

Other Contributions and Donations

Organisation	Amount \$
2018 Masters Road National Championships	20,000
2018 Motorcycling Australian Offroad Championship and Victorian Offroad Championships	6,000
2018/19-2020/21 Adventurethon Demolish Multisport Festival	15,000
2019 Cycling Victoria Tour of East Gippsland	8,468
2019 Netball Victoria Beach Netball	2,500
2019 PGA Southern Division PGA and ALPG 1 Day Pro Am	2,500
2019 SIMRAD Victorian Broad Bill Swordfish Tournament	1,000
2019 Victorian Yard Dog Championships	1,000
2020 Victorian Masters Open Squash Tournament	2,500
Agribusiness Gippsland Inc	6,000
Bairnsdale and District Business and Tourism Assoc Inc	9,950
Bairnsdale Chamber of Commerce and Industry Inc	2,000
Bairnsdale Kindergarten Inc.	2,000
Bairnsdale Neighbourhood House Inc	4,847
Bairnsdale Secondary College	100
Bairnsdale Senior Citizens	8,000
Benambra Neighbourhood House	3,055
Bendoc Progress Association	2,000
Bengworden Hall Committee Incorporated	5,000
Bruthen and District Citizens Association (Neighbourhood House)	2,000
Bruthen Art and Event Council Inc.	1,500
Bruthen Mechanics Hall Committee of Management	5,000
Bruthen Senior Citizens Incorporated	5,000
Buchan Tourist Association	2,880
Cabbage Tree Creek Community Hall Management Committee	5,912
Cann River Community Centre	8,330
Collective Position Group Pty Ltd	12,167
Destination Gippsland Ltd	33,112
Eagle Point Community Hall Inc	229
East Gippsland Business and Tourism Assoc. Inc	78,029
East Gippsland Family History Group	2,000
East Gippsland Marketing Inc	124,848
East Gippsland Rail Trail Committee of Management Inc	5,000
East Gippsland Shire Council-Social Club	500
Ensay Angling Club	2,000
Ensay Mechanics Institute Reserve	5,000
Feral Forage and Feast	2,500
Fernbank Public Hall	5,000
FGA National Carnival 2018	4,000
Gelantipy Public Hall Reserve Committee	5,000
Genoa Hall Committee Inc	4,950

Organisation	Amount \$
Genoa Public Hall	230
GippsDairy Board	2,000
Gippsland Business Awards	3,300
Gippsland East Local Learning and Employment Network	10,200
Gippsland Ports	264
Gippsland Regional Sports Academy	6,000
Glenaladale Recreation Reserve Committee of Management	2,000
Hillside Rosehill Reserve Association Inc	6,500
Howitt Park Women's Tennis Club	5,000
Johnsonville Public Hall Committee Inc	5,000
Lake Tyers Beach Hall Committee	5,000
Lakes Entrance Senior Citizens	9,052
Life Saving Victoria	50,501
Lindenow Memorial Hall Committee of Management	5,233
Mallacoota District Senior Citizens	9,000
Nagle College	100
Nowa Nowa Community Dev. Group	1,520
Nowa Nowa Hall Committee Inc	850
Nowa Nowa Primary School	909
Omeo Soldiers Memorial Hall Committee of Management Inc	4,640
Orbost Golf Club	2,000
Orbost Regional Health	1,000
Orbost Senior Citizen's Centre Inc	7,700
Paynesville Neighbourhood Centre	2,000
Rubbertough Industries Pty Ltd	450
Sarsfield Recreation Reserve Committee of Management Inc	5,000
Sports Marketing Australia - 2018 Motorcycling Australian Offroad Championship and Victorian Offroad Championships	2,200
Sports Marketing Australia - Adventurethon Demolish Multisport Festival	2,200
Sports Marketing Australia - Champions League Basketball CLB3X3	2,200
Sports Marketing Australia - Cycling Victoria Tour of East Gippsland	2,200
Sports Marketing Australia - Netball Victoria Beach Netball	1,500
Sports Marketing Australia - PGA Southern Division PGA and ALPG 1 Day Pro Am	1,500
Sports Marketing Australia - Tennis Victoria 2019 Vic Junior Tournament	2,200
Sports Marketing Australia - Victorian Masters Open Squash Tournament	2,200
Swifts Creek Hall Committee	4,731
Swifts Creek Memorial Swimming Pool Inc	10,500
Swifts Creek P-12 School	4,100
Swifts Creek Recreational Reserve Committee of Management	5,000
Tambo Upper Primary School	5,000
Tambo Valley Racing Club Inc.	2,000

Organisation	Amount \$
Tennis Victoria 2019 Vic Junior Tournament	2,500
Wairewa Hall and Recreation Reserve Inc	5,000
Wairewa Rural Fire Brigade	455
Wild Harvest Seafood Festival	2,500
Wurinbeena Limited	15,000
Wy Yung and District Recreation Reserve Mgt Committee	7,300
Total	642,611

Memberships

Name	Amount \$
Accor	317
Aquatics and Recreation Victoria Inc	1,255
ArtsHub Australia Pty Ltd	600
Australian Airports Association	1,025
Australian Coastal Councils Association	2,635
Australian Local Government Women's Association	300
Azility - Planet Footprint Pty Ltd	6,680
Canberra Region Joint Organisation	9,767
Children's Book Council of Australia (Vic Br) Inc	85
Committee for Gippsland Inc	10,000
Council Arboriculture Victoria (CAV) Inc	60
Economic Development Association	364
Environmental Health Professionals Australia	914
FinPro	410
FOI Assist Pty Limited	780
Immunisation Nurses Group	40
Infor User forum	1,300
Inter Council for Local Environmental Initiatives	975
Keep Australia Beautiful Council	500
LG Professionals	771
Life Saving Victoria	877
Local Government Infrastructure Design Association	3,000
Local Government Professionals Australia	2,118
Merimbula Tourism	126
Municipal Association of Victoria	35,585
Museums Australia Inc	130
National Association for the Visual Arts Ltd	291
National Saleyards Quality Assurance Inc	520
National Timber Councils Association Inc	2,500
Our Community Pty Ltd	364
Parks & Leisure Australia	68

Name	Amount \$
Paynesville Business and Tourism Association Inc	205
RACV Club	360
Rail Freight Alliance	3,075
Records & Information Management Professionals Aus	450
Revenue Management Association	600
Risk Management Institute	218
Rural Councils Victoria Inc	3,000
South East Australian Transport Strategy	6,491
Sustainability Gippsland	500
Tax Ed Membership	1,500
The Victorian Association of Performing Arts Centre	1,350
Tourism Tribe	181
Victorian Municipal Building Surveyors	459
Victorian Planning & Environmental Law Association	205
Waste Management and Resource Recovery Association	440
Youth Affairs Council Victoria	195
Total	103,584

Section Seven: Financial Performance

East Gippsland Shire Council
ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2019

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 : 10 September 2019
Bairnsdale

In our opinion the accompanying financial statements present fairly the financial transactions of East Gippsland Shire Council for the year ended 30 June 2019 and the financial position of the Council as at that date.

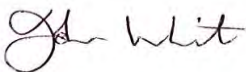
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

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.



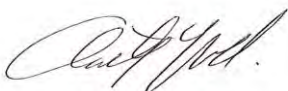
Councillor Natalie O'Connell
Councillor

Date : 10 September 2019
Bairnsdale



Councillor John White
Councillor

Date : 10 September 2019
Bairnsdale



Anthony Basford
Chief Executive Officer

Date : 10 September 2019
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 2019 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including 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 2019 and its 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 <i>APES 110 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
20 September 2019


Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Income			
Rates and charges	3.1	57,011	54,893
Statutory fees and fines	3.2	2,005	2,066
User fees	3.3	11,193	11,428
Grants - operating	3.4	17,760	16,617
Grants - capital	3.4	7,019	12,337
Contributions - monetary	3.5	165	164
Contributions - non monetary	3.5	1,423	499
Fair value adjustments for investment property	6.2	-	(8)
Other income	3.7	4,679	5,315
Total income		<u>101,255</u>	<u>103,311</u>
Expenses			
Employee costs	4.1	29,497	28,171
Materials and services	4.2	34,585	33,554
Depreciation and amortisation	4.3	20,792	21,705
Bad and doubtful debts	4.4	177	227
Net loss on disposal of property, infrastructure, plant and equipment	3.6	3,809	2,685
Borrowing costs	4.5	420	434
Landfill rehabilitation provision movement	5.5	881	(17)
Other expenses	4.6	1,285	1,428
Total expenses		<u>91,446</u>	<u>88,187</u>
Surplus/(deficit) for the year		<u>9,809</u>	<u>15,124</u>
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	9.1	36,831	170,599
Total comprehensive result		<u>46,640</u>	<u>185,723</u>

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

Balance Sheet As at 30 June 2019

	Note	2019 \$'000	Restated 2018 \$'000	Restated 2017 \$'000
Assets				
Current assets				
Cash and cash equivalents	5.1	23,143	27,259	30,725
Trade and other receivables	5.1	8,781	8,304	6,414
Other financial assets	5.1	34,000	26,250	9,750
Other assets	5.2	1,176	1,056	886
Total current assets		67,100	62,869	47,775
Non-current assets				
Trade and other receivables	5.1	418	572	691
Property, infrastructure, plant and equipment	6.1	1,115,319	1,070,924	901,760
Investment property	6.2	-	1,138	1,172
Intangible assets	5.2	658	1,062	1,693
Total non-current assets		1,116,395	1,073,696	905,316
Total assets		1,183,495	1,136,565	953,091
Liabilities				
Current liabilities				
Trade and other payables	5.3	6,800	4,338	4,335
Trust funds and deposits	5.3	1,567	1,649	1,432
Prepaid Income	5.6	209	215	207
Provisions	5.5	9,922	10,800	9,040
Interest-bearing liabilities	5.4	727	1,853	680
Total current liabilities		19,225	18,855	15,694
Non-current liabilities				
Prepaid Income	5.6	712	921	1,092
Provisions	5.5	8,183	7,327	10,714
Interest-bearing liabilities	5.4	3,350	4,077	5,929
Total non-current liabilities		12,245	12,325	17,735
Total liabilities		31,470	31,180	33,429
Net assets		1,152,025	1,105,385	919,662
Equity				
Accumulated surplus		381,721	371,935	356,794
Reserves	9.1	770,304	733,450	562,868
Total Equity		1,152,025	1,105,385	919,662

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

Statement of Changes in Equity For the Year Ended 30 June 2019

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2019					
Balance at beginning of the financial year		1,105,385	371,935	732,492	958
Surplus/(deficit) for the year		9,809	9,809	-	-
Net asset revaluation increment/(decrement)	9.1	36,831	-	36,831	-
Transfers to other reserves	9.1	-	(23)	-	23
Transfers from other reserves	9.1	-	-	-	-
Balance at end of the financial year		1,152,025	381,721	769,323	981

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2018					
Balance at beginning of the financial year		899,874	337,006	561,893	975
Prior Year adjustment 2016/17	9.2	19,788	19,788	-	-
Adjusted balance at the beginning of the financial year		919,662	356,794	561,893	975
Surplus/(deficit) for the year		15,124	15,124	-	-
Net asset revaluation increment/(decrement)	9.1	170,599	-	170,599	-
Transfers to other reserves	9.1	-	(84)	-	84
Transfers from other reserves	9.1	-	101	-	(101)
Balance at end of the financial year		1,105,385	371,935	732,492	958

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 2019

		2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		57,205	54,516
Statutory fees and fines		1,843	1,904
User fees		11,664	10,763
Grants - operating		17,775	16,617
Grants - capital		7,019	12,337
Contributions - monetary		165	498
Interest received		1,250	1,082
Trust funds and deposits taken		7,767	7,524
Other receipts		3,751	4,477
Net GST refund/(payment)		1,955	1,709
Employee costs		(28,415)	(27,787)
Materials and services		(39,278)	(37,830)
Trust funds and deposits repaid		(7,850)	(7,307)
Other payments		(1,414)	(1,569)
Net cash provided by/(used in) operating activities	9.3	33,437	36,934
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(28,497)	(23,524)
Proceeds from sale of property, infrastructure, plant and equipment		967	737
Payments for investments		(7,750)	(16,500)
Net cash provided by/(used in) investing activities		(35,280)	(39,287)
Cash flows from financing activities			
Finance costs		(421)	(434)
Repayment of borrowings		(1,852)	(680)
Net cash provided by/(used in) financing activities		(2,273)	(1,114)
Net increase (decrease) in cash and cash equivalents		(4,116)	(3,466)
Cash and cash equivalents at the beginning of the financial year		27,259	30,725
Cash and cash equivalents at the end of the financial year		23,143	27,259
Restrictions on cash assets	5.1		
Financing arrangements	5.7		

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 2019

	2019 \$'000	2018 \$'000
Property		
Land	254	16
Total land	254	16
Buildings	4,745	2,470
Total buildings	4,745	2,470
Total property	4,999	2,486
Plant and equipment		
Plant, machinery and equipment	2,406	1,608
Fixtures, fittings and furniture	891	421
Computers and telecommunications	279	336
Library books	228	252
Total plant and equipment	3,804	2,617
Infrastructure		
Roads	8,531	6,378
Bridges	5,577	4,848
Footpaths and cycleways	1,329	660
Drainage	741	869
Recreational, leisure and community facilities	1,185	1,899
Waste management	1,314	708
Parks, open space and streetscapes	1,062	1,041
Aerodromes	75	-
Off street car parks	139	55
Other infrastructure	1,351	783
Total infrastructure	21,304	17,241
Total capital works expenditure	30,107	22,344
Represented by:		
New asset expenditure	2,584	3,338
Asset renewal expenditure	22,778	15,005
Asset expansion expenditure	-	-
Asset upgrade expenditure	4,745	4,001
Total capital works expenditure	30,107	22,344

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 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)

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 26/06/2018. 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 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance 2019 %	Ref
Income					
Rates and charges	56,645	57,011	366	1	
Statutory fees and fines	1,721	2,005	284	17	1
User fees	11,318	11,193	(125)	(1)	
Grants - operating	8,693	17,760	9,067	104	2
Grants - capital	6,203	7,019	816	13	3
Contributions - monetary	70	165	95	136	4
Contributions - non monetary	2,000	1,423	(577)	(29)	5
Fair value adjustments for investment property	-	-	-	-	
Other income	2,243	4,679	2,436	109	6
Total income	88,893	101,255	12,362		
Expenses					
Employee costs	28,803	29,497	(694)	(2)	7
Materials and services	34,520	34,585	(65)	(0)	
Depreciation and amortisation	21,964	20,792	1,172	5	8
Bad and Doubtful Debts	12	177	(165)	(1,375)	9
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	3,809	(3,809)	-	10
Borrowing costs	449	420	29	6	
Landfill rehabilitation provision movement	-	881	(881)	-	11
Other expenses	1,406	1,285	121	9	12
Total expenses	87,154	91,446	(4,292)		
Surplus/(deficit) for the year	1,739	9,809	8,070		
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods					
Net asset revaluation increment/(decrement)	25,335	36,831	11,496		13
Total comprehensive result	27,074	46,640	19,566		

Note 1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory Fees and fines	Statutory planning fees were \$224K greater than budget as a result of the level of development activity. Animal registration fees also exceeded budget by \$89K as a result of proactive follow up by Community Laws. Health registration fees exceeded budget by \$25K as a result of the number of registrations for the year. Legal Fee recoveries for unpaid rates and charges was less than budget by \$84K as a result of less recoverable legal costs being charges to ratepayers.
2	Grants - Operating	The Victoria Grants Commission 50% advance of the 2019/20 grant of \$7.751M was received in June 2019. This was not included in the budget. There were also a number of new grants received during the year that were not included in the adopted budget. The most significant of these were the Drought Community Resilience Program \$250K, the East Gippsland Dog Fight-Farmers Building the Barrier \$343K and the Lakes Entrance Recreation Reserve Netball Court Development \$108K.
3	Grants - Capital	There were a number of successful capital grant funding applications during the year that were not included in the budget. There were also some advance funding of capital grants that are for projects in the 2019/20 capital program. The advance funding was \$973K of Fixing Country Roads funding for Road Safety improvements at Scriveners Road, Lakes Entrance Stage 2 and Pearson Street, Bairnsdale upgrade. \$225K was also received in advance for Davison Oval Skate Park, Bairnsdale. Other capital grants varied from budget as a result of the timing of works and as a consequence when claims could be made.
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 \$1.423M 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	Other Income	\$426K reimbursement was received for the July 2016 Flood event that was unbudgeted. \$774K of other reimbursements from external agencies for work undertaken by Council was also received in excess of the adopted budget. Additional reimbursements for workcover claims of \$100K was received as a result of the number of claims during the year. Additional interest on surplus funds invested of \$736K was received. Additional leased property income of \$217K was also received as a result of new leases.

Note 1 Performance against budget (cont'd)

(i) Explanation of material variations (cont'd)

Variance Ref	Item	Explanation
7	Employee costs	The budget for the workcover premium was \$1.022M; but the actual premium paid was \$841K, a savings of \$181K. As a result of the very low discount rates for the forward outlook when calculating employee provision requirements, the long service leave provision expense was greater than budget by \$694K.
8	Depreciation and amortisation	Depreciation expenses were \$1.172M 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 that was completed in the 2017/18 year.
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. There were also costs that were assessed as not meeting the criteria for capitalisation and were expensed.
11	Landfill rehabilitation provision movement	As a result of the predicted forward discount rates used in the present value calculation required for landfill rehabilitation works, there was a significant increase required to the provision account.
12	Other expenses	Legal expenses were less than budget by \$60K. The majority of this related to legal costs for the recovery of unpaid rates and charges and the reduced expense is offset by a reduction in income for recovery. Operating lease expenses were under budget by \$45K as a result of a reduction in the number of leased properties. Merchant fees exceeded budget by \$45K as a result of an increase in electronic payments to Council over previous years.
13	Net asset revaluation increment/(decrement)	The revaluation of land and building assets was undertaken during the 2018/19 year. The increase in valuations was greater than the adopted budget.

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance 2019 %	Ref
Property					
Land	350	254	(96)	(27)	
Total Land	350	254	(96)		
Buildings					
Buildings	3,689	4,745	1,056	29	1
Total Buildings	3,689	4,745	1,056		
Total Property	4,039	4,999	960		
Plant and Equipment					
Plant, machinery and equipment	2,978	2,406	(572)	(19)	2
Fixtures, fittings and furniture	30	891	861	2,870	3
Computers and telecommunications	1,550	279	(1,271)	(82)	4
Library books	370	228	(142)	(38)	5
Total Plant and Equipment	4,928	3,804	(1,124)		
Infrastructure					
Roads	10,506	8,531	(1,975)	(19)	6
Bridges	3,044	5,577	2,533	83	7
Footpaths and cycleways	2,149	1,329	(820)	(38)	8
Drainage	1,199	741	(458)	(38)	9
Recreational, leisure and community facilities	5,848	1,185	(4,663)	(80)	10
Waste management	2,987	1,314	(1,673)	(56)	11
Parks, open space and streetscapes	6,173	1,062	(5,111)	(83)	12
Aerodromes	-	75	75	-	
Off street car parks	-	139	139	-	
Other infrastructure	1,025	1,351	326	32	13
Total Infrastructure	32,931	21,304	(11,627)		
Total Capital Works Expenditure	41,898	30,107	(11,791)		
Represented by:					
New asset expenditure	6,486	2,584	(3,902)		
Asset renewal expenditure	31,813	22,778	(9,035)		
Asset expansion expenditure	800	-	(800)		
Asset upgrade expenditure	2,799	4,745	1,946		
Total Capital Works Expenditure	41,898	30,107	(11,791)		

Note 1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	\$3.021M of the Bairnsdale Aquatic and Recreation Centre redevelopment expenditure has been classified to Buildings from Recreation and Leisure. The East Gippsland Livestock Exchange amenities and pen renewal projects were less than budget as a result of the reclassification of the pen works to Other Infrastructure (Budget was \$655K) and the amenities facilities being underspent by \$238K at year end. The Mallacoota Recreation Reserve Pavilion Stage 1 and 2 project is behind schedule and was underspent by \$475K. The Building renewal program had \$528K of expenses transferred to operating as a result of the expenses not meeting the criteria for capitalisation.
2	Plant, machinery and equipment	A number of items of major plant purchases have been delayed as the specific items of plant to be purchased have not been available.
3	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.
4	Computers and telecommunications	The timing of the Information Technology transformation program has seen some projects move into 2019/20 year and this accounts for the budget variance.
5	Library Books	The planned upgrade of the library systems has been delayed.
6	Roads	Road resheets were underspent by \$1.0M. \$1.1M of Roads to Recovery was reallocated to bridges. \$1.6M of parks and open space projects were reclassified as roads. There were incomplete works of \$1.3M for the Fernbank/Glenaladale road that will now be completed in 2019/20.
7	Bridges	Giles Street Bridge exceeded the budget by \$622K as a result of incomplete works at the end of the 2017/18 year. Part of the costs associated with the Seawalls replacement has been classified as bridges and this cost was \$708K. Bridge design works exceeded the budget by \$185K as a result a decision to complete all designs for the remaining timber bridges. Roads to Recovery funding was reallocated to a number of bridges that were constructed during the 2018/19 year and this added \$1.1M to the bridge expenditure for the year.
8	Footpaths and cycleways	The Omeo Mountain Bike Trails project is running behind schedule and was underspent by \$1.415M. \$403K of the Lakes Entrance Streetscape project expenditure was classified as footpath but the budget had been classified as Parks and Open space.
9	Drainage	The Jones Bay McMillan Street drainage project will not be completed until the 2019/20 year which accounts for \$500K of the variance.
10	Recreational, leisure and community facilities	The Bairnsdale Aquatic and Recreation Centre redevelopment project budget of \$4.401M was included in this category but the actual expenditure has been allocated against various other categories, the main one being buildings.
11	Waste management	The Lakes Entrance transfer station works have been delayed and will not occur until the 2019/20 year and this accounted for \$1.41M of the variance. The design of Cell 4 will not be undertaken until the 2019/20 year and this accounted for a further \$270K of the variance.
12	Parks, open space and streetscapes	The variance relates primarily to the reclassification of various streetscape project works to roads (\$1.6M), bridges (\$1.0M), footpaths (\$407K) and plant and equipment (\$300K). A number of streetscape and other projects will not be completed until the 2019/20 year and this accounts for \$1.6M of the variance.
13	Other Infrastructure	Funding was received during the year for Drought Relief Works at the Livestock Exchange. This added \$260K to other infrastructure assets.

Note 2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.1 (a) Office of the CEO

Activities associated with municipal governance including the cost of Councillors, Chief Executive Officer, corporate planning and performance reporting, media and public relations.

Governance

Activities associated with financial management, rate collection, risk management, valuations, information services and human resources, procurement, governance administration and property services.

Development

Activities associated with building control, environmental health and community laws, immunisations, strategic and statutory planning, economic development and tourism, commercial business operations and recreational facilities.

Operations

Activities associated with roads, bridges, drainage, signs, footpaths and street sweeping, parks and reserves, tree management, playgrounds, public toilets, waste management, asset management, capital works program, fleet and plant management.

Community Strategy

Activities associated with sustainability, strategic project planning, community facilities, community planning, libraries, art gallery, Forge Theatre, customer service, emergency management, family and child services, youth, aged and disability services.

Unattributed

Where expenditure was not able to be identified as a specific activity cost, such as loan interest associated with a Private Street Scheme, it has been included in this category. The income that is shown in unattributable is the surplus over the costs shown for each category of activity with the net result equal to the surplus for the year.

Note 2.1 Analysis of Council results by program (cont'd)

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

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2019					
Council Executive	2,025	2,025	-	-	152
Governance	10,087	10,087	-	-	7,939
Development	15,130	15,130	-	217	55,426
Operations	51,970	51,970	-	12,521	1,118,355
Community Strategy	10,930	10,930	-	1,555	1,623
Unattributed	11,113	1,304	9,809	10,486	-
	101,255	91,446	9,809	24,779	1,183,495
	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
Council Executive	2,251	2,251	-	-	178
Governance	9,055	9,055	-	-	7,601
Development	14,408	14,408	-	261	47,390
Operations	50,295	50,295	-	17,082	1,079,995
Community Strategy	10,538	10,538	-	1,223	1,401
Unattributed	16,764	1,640	15,124	10,388	-
	103,311	88,187	15,124	28,954	1,136,565

Note 3 Funding for the delivery of our services	2019	2018
3.1 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 2018/19 was \$7,633 million (2017/18 \$7,307 million), Commercial/Industrial rates was \$964 million (2017/18 \$927 million) and Farm rates was \$1,285 million (2017/18 \$1,269 million). The 2018/19 rate in the CIV dollar for General rates was 0.00391157 (2017/18 0.00393643), Commercial/Industrial rates was 0.00567178 (2017/18 0.00570784) and Farm rates was 0.00352041 (2017/18 0.00347333).

General Rates	39,846	38,918
Municipal charge	8,821	8,621
Waste management charge	7,486	6,886
Supplementary rates and rate adjustments	363	16
Interest on rates and charges	327	288
Revenue in lieu of rates	168	164
Total rates and charges	<u>57,011</u>	<u>54,893</u>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2019, and the valuation will be first applied in the rating year commencing 1 July 2019.

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

3.2 Statutory fees and fines

Infringements and costs	227	319
Application Registration Fees	305	292
Animal Registrations	444	438
Town planning fees	619	621
Land information certificates	100	113
Permits	62	63
Other	248	220
Total statutory fees and fines	<u>2,005</u>	<u>2,066</u>

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

3.3 User fees

Aged and health services	24	20
Leisure centre and recreation	2,142	2,172
Raymond Island Ferry	232	203
Arts and Culture	444	310
Caravan Parks	2,645	2,558
Saleyards	929	1,241
Marinas	979	1,004
Child care/children's programs	240	266
Tourism	144	197
Building services	79	29
Waste management services	3,190	3,276
Other fees and charges	145	152
Total user fees	<u>11,193</u>	<u>11,428</u>

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.

3.4 Funding from other levels of government	2019	2018
	\$'000	\$'000
Grants were received in respect of the following :		
Summary of grants		
State funded Grants	4,817	6,548
Commonwealth funded Grants	19,872	22,134
Other	90	272
Total grants received	24,779	28,954
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	15,152	14,827
Aged Services	43	41
<i>Recurrent - State Government</i>		
Arts and Culture	100	100
Asset Maintenance	149	149
Community Development	280	273
Community Laws	85	92
Emergency Management	164	163
Environmental Management	76	86
Libraries	344	338
Parks and Gardens	2	2
Public Health	38	49
<i>Recurrent - Other</i>		
Environmental Management	-	20
Environmental Sustainability	17	-
Recreational, Leisure and Community Facilities	15	10
Total recurrent operating grants	16,465	16,150
<i>Non-recurrent - Commonwealth Government</i>		
Community Development	366	-
<i>Non-recurrent - State Government</i>		
Arts and Culture	-	2
Community Development	489	80
Economic Development	37	21
Emergency Management	15	30
Environmental Sustainability	77	134
Library Services	-	1
Recreational, Leisure and Community Facilities	264	27
Strategic Planning	-	5
Waste	11	45
<i>Non-recurrent - Other</i>		
Arts and Culture	-	2
Economic Development	-	63
Environmental Management	8	4
Libraries	1	9
Public Health	-	-
Recreational, Leisure and Community Facilities	27	27
Environmental Sustainability	-	17
Total non-recurrent operating grants	1,295	467
Total operating grants	17,760	16,617

3.4 Funding from other levels of government (cont'd)		
	2019	2018
	\$'000	\$'000
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	2,912	4,413
<i>Recurrent - State Government</i>		
Recreational, Leisure and Community Facilities	9	9
Total recurrent capital grants	<u>2,921</u>	<u>4,422</u>
<i>Non-recurrent - Commonwealth Government</i>		
Bridges	581	1,752
Other Infrastructure	500	-
Roads	318	1,101
<i>Non-recurrent - State Government</i>		
Buildings	240	-
Footpaths and Cycleways	-	300
Other Infrastructure	34	1,300
Parks, Open Space and Streetscapes	177	90
Recreational, Leisure and Community Facilities	730	3,181
Roads	1,373	-
Waste	123	-
Plant, Machinery & Equipment	-	72
<i>Non-recurrent - Other</i>		
Other Infrastructure	22	26
Drainage	-	93
Total non-recurrent capital grants	<u>4,098</u>	<u>7,915</u>
Total capital grants	<u><u>7,019</u></u>	<u><u>12,337</u></u>
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	3,030	2,350
Received during the financial year and remained unspent at balance date	3,164	2,284
Received in prior years and spent during the financial year	(2,356)	(1,604)
Balance at year end	<u>3,838</u>	<u>3,030</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal).

	2019 \$'000	2018 \$'000
3.5 Contributions		
Monetary	165	164
Non-monetary	1,423	499
Total contributions	<u>1,588</u>	<u>663</u>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Land	140	-
Roads	846	383
Other infrastructure	-	-
Footpaths	125	46
Drainage	312	70
Total non-monetary contributions	<u>1,423</u>	<u>499</u>

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

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

Proceeds of sale	967	737
Written down value of assets sold	(933)	(554)
Net gain/(loss) on assets sold	<u>34</u>	<u>183</u>
Written down value of assets disposed/renewed	(3,491)	(2,833)
Written down value of assets written off	(352)	(35)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>(3,809)</u>	<u>(2,685)</u>

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

3.7 Other income

Interest	1,426	1,099
Investment property rental	957	740
Reimbursements - Other	1,718	1,518
Reimbursements - Natural Disasters	426	1,696
Other	152	262
	<u>4,679</u>	<u>5,315</u>

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	23,316	22,624
WorkCover	841	691
Casual staff	2,713	2,399
Superannuation	2,506	2,322
Fringe benefits tax	121	135
Total employee costs	<u>29,497</u>	<u>28,171</u>

Note 4 The cost of delivering services (cont'd)

	2019 \$'000	2018 \$'000
4.1 (b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	125	41
	<u>125</u>	<u>41</u>
Employer contributions payable at reporting date.	<u>82</u>	<u>-</u>
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,374	1,389
Employer contributions - other funds	1,007	933
	<u>2,381</u>	<u>2,322</u>
Employer contributions payable at reporting date.	<u>173</u>	<u>87</u>

Refer to note 9.4 for further information relating to Council's superannuation obligations.

4.2 Materials and services

Contractor payments		
- Bridge Maintenance	575	115
- Road maintenance	6,904	6,815
- Bridge design	606	-
- Vegetation management	738	748
- Ferry maintenance	355	101
- Ferry service	522	565
- Security services	67	101
- Waste collection	3,421	3,254
- Waste Management	516	722
- Animal pound services	215	194
- Courier services	87	81
- Valuations	-	313
- Cleaning	956	793
- Streetscapes	229	-
- Other	169	308
Total Contractors	<u>15,360</u>	<u>14,110</u>
Building maintenance	1,135	1,141
General maintenance	9,824	10,957
Utilities	2,117	1,964
Office administration	437	519
Information technology	1,780	1,861
Insurance	901	856
Consultants	1,389	831
Contributions	1,642	1,315
Total materials and services	<u>34,585</u>	<u>33,554</u>

4.3 Depreciation and amortisation

Property	2,996	2,934
Plant and equipment	3,050	3,435
Infrastructure	14,200	14,513
Total depreciation	<u>20,246</u>	<u>20,882</u>
Intangible assets	546	823
Total depreciation and amortisation	<u>20,792</u>	<u>21,705</u>

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

	2019	2018
	\$'000	\$'000
4.4 Bad and doubtful debts		
Parking fine debtors	29	35
Animal fine debtors	87	103
Rates and charges debtors	13	50
Other debtors	48	39
Total bad and doubtful debts	<u>177</u>	<u>227</u>
Movement in provisions for doubtful debts		
Balance at the beginning of the year	699	495
New Provisions recognised during the year	174	227
Amounts already provided for and written off as uncollectible	(29)	(23)
Balance at end of year	<u>844</u>	<u>699</u>

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

4.5 Borrowing costs		
Interest - Borrowings	420	434
Total borrowing costs	<u>420</u>	<u>434</u>

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

4.6 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	39	38
Auditors' remuneration - Internal	42	46
Councillors' allowances	302	303
Operating lease rentals	146	168
Memberships/Subscriptions	215	187
Bank fees and charges	206	199
Legal fees	329	445
Other	6	42
Total other expenses	<u>1,285</u>	<u>1,428</u>

Note 5 Our financial position

5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	13	13
Cash at bank	95	112
Term deposits	23,035	27,134
Total cash and cash equivalents	<u>23,143</u>	<u>27,259</u>
(b) Other financial assets		
Term deposits - current	34,000	26,250
Total other financial assets	<u>34,000</u>	<u>26,250</u>
Total financial assets	<u>57,143</u>	<u>53,509</u>

Note 5 Our financial position (cont'd)	2019	2018
5.1 Financial assets (cont'd)	\$'000	\$'000

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

- Trust funds and deposits (Note 5.3(b))	1,567	1,649
- Unexpended grants (Note 3.4(c))	3,838	3,030
- Non-Discretionary Reserves (Note 9.1(b))	981	958
Total restricted funds	<u>6,386</u>	<u>5,637</u>
Total unrestricted cash and cash equivalents	<u>16,757</u>	<u>21,622</u>

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	13,437	16,086
- Cash held to fund carried forward landfill rehabilitation projects	4,943	4,086
- Tambo Bluff Estate	465	343
- Water transport replacement reserve	<u>1,700</u>	<u>1,400</u>
Total funds subject to intended allocations	<u>20,545</u>	<u>21,915</u>

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.

Note 5 Our financial position (cont'd)	2019	2018
5.1 Financial assets (cont'd)	\$'000	\$'000

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors	3,363	3,557
Special rate assessment	1,056	1,035
Parking infringement debtors	2	10
Infringement Court	693	588
GST Receivable	941	791
Provision for doubtful debts - statutory debtors	(761)	(646)

Non statutory receivables

Other debtors	3,570	3,022
Provision for doubtful debts - other debtors	(83)	(53)

Total current trade and other receivables	8,781	8,304
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Non-current

Statutory receivables

Special rate scheme	418	572
Total non-current trade and other receivables	418	572

Total trade and other receivables	9,199	8,876
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Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised based on an expected loss model. 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 and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	2,811	624
Past due by up to 30 days	129	1,581
Past due between 31 and 180 days	508	724
Past due between 181 and 365 days	12	20
Past due by more than 1 year	27	20
Total trade & other receivables	3,487	2,969

(b) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$83,000 (2018: \$53,000) were impaired. The amount of the provision raised against these debtors was \$83,000 (2018: \$53,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due by more than 1 year	83	53
Total trade and other receivables	83	53

5.2 Non-financial assets	2019	2018	
(a) Other assets	\$'000	\$'000	
Prepayments	684	562	
Accrued income	492	494	
Total other assets	1,176	1,056	
(b) Intangible assets			
Software	658	640	
Landfill air space	-	422	
Total intangible assets	658	1,062	
	Software \$'000	Landfill \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2018	1,794	2,154	3,948
Additions from internal developments	142	-	142
Balance at 30 June 2019	1,936	2,154	4,090
Accumulated amortisation and impairment			
Balance at 1 July 2018	1,154	1,732	2,886
Amortisation expense	124	422	546
Balance at 30 June 2019	1,278	2,154	3,432
Net book value at 30 June 2018	640	422	1,062
Net book value at 30 June 2019	658	-	658

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.

5.3 Payables	2019	2018
(a) Trade and other payables	\$'000	\$'000
Trade payables	4,822	2,629
Accrued expenses	1,978	1,709
Total trade and other payables	6,800	4,338

	2019	2018
	\$'000	\$'000
5.3 Payables (cont'd)		
(b) Trust funds and deposits		
Refundable deposits	993	1,018
Fire Services Levy	224	256
Retention amounts	344	374
Funds Held in Trust	6	1
Total trust funds and deposits	1,567	1,649

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

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

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

	2019	2018
	\$'000	\$'000
5.4 Interest-bearing liabilities		
Current		
Borrowings - secured	727	1,853
	727	1,853
Non-current		
Borrowings - secured	3,350	4,077
	3,350	4,077
Total	4,077	5,930

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	727	1,853
Later than one year and not later than five years	1,700	2,427
Later than five years	1,650	1,650
	4,077	5,930

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.

5.5 Provisions

	Employee	Landfill restoration	Native Vegetation	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2019				
Balance at beginning of the financial year	5,475	12,414	238	18,127
Additional provisions	672	(7)	16	681
Amounts used	(438)	(1,532)	(34)	(2,004)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	413	888	-	1,301
Balance at the end of the financial year	6,122	11,763	220	18,105

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

	2019 \$'000	2018 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,888	2,014
Long service leave	341	269
	2,229	2,283
Current provisions expected to be wholly settled after 12 months		
Annual leave	179	210
Long service leave	3,071	2,417
	3,250	2,627
Total current employee provisions	5,479	4,910
Non-current		
Long service leave	643	565
Total non-current employee provisions	643	565
Aggregate carrying amount of employee provisions:		
Current	5,479	4,910
Non-current	643	565
Total aggregate carrying amount of employee provisions	6,122	5,475

5.5 Provisions (cont'd)

(a) Employee provisions (cont'd)

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

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, 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:	2019	2018
- discount rate	1.15%	2.36%
- inflation rate	2.00%	2.00%
- settlement period	12 years	12 years
(b) Landfill restoration	2019	2018
	\$'000	\$'000
Current	4,443	5,890
Non-current	7,320	6,524
	<u>11,763</u>	<u>12,414</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:	2019	2018
- discount rate	1.30%	2.56%
- inflation rate	2.00%	2.00%
- settlement period	30 years	30 years

5.5 Provisions (cont'd)	2019	2018
(c) Native Vegetation Offset	\$'000	\$'000
Current	-	-
Non-current	220	238
	<u>220</u>	<u>238</u>
Total Current	9,922	10,800
Total Non-current	8,183	7,327
Total Provisions	<u>18,105</u>	<u>18,127</u>

5.6 Prepaid Income		
Marina Berths		
Current	209	215
Non-current	712	921
	<u>921</u>	<u>1,136</u>

5.7 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2019.

Bank overdraft	1,500	1,500
Credit card facilities	300	250
Borrowings	4,077	5,930
Total facilities	<u>5,877</u>	<u>7,680</u>
Used facilities	4,143	5,994
Unused facilities	1,734	1,686
Total facilities	<u>5,877</u>	<u>7,680</u>

5.8 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
2019					
Operating					
Cleaning	942	615	44	-	1,601
Ferry Operations/Maintenance	483	483	485	-	1,451
Road Infrastructure Maintenance	2,528	-	-	-	2,528
Waste Management	3,046	2,896	8,322	1,858	16,122
Other Service Contracts	396	247	127	-	770
Total	7,395	4,241	8,978	1,858	22,472
Capital					
Buildings	27	-	-	-	27
Roads	2,607	-	-	-	2,607
Waste	939	-	-	-	939
Other	1,180	-	-	-	1,180
Total	4,753	-	-	-	4,753

	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	928	627	-	2,483
Ferry Operations/Maintenance	430	416	866	-	1,712
Road Infrastructure Maintenance	1,212	-	-	-	1,212
Waste Management	2,946	5,525	5,525	4,511	18,507
Other Service Contracts	585	217	86	-	888
Total	6,101	7,086	7,104	4,511	24,802

Note: the amounts shown in Later than 1 year and not later than 2 years and Later than 2 years and not later than 5 years have been amended to correct an allocation error. The total of all operating commitments remains unchanged.

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

	2019	2018
<i>Operating lease commitments</i>	\$'000	\$'000

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	153	150
Later than one year and not later than five years	286	369
Later than five years	485	425
	<u>924</u>	<u>944</u>

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.

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

	At Fair Value 30 June 2018 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	At Fair Value 30 June 2019 \$'000
Property	215,400	5,103	140	36,831	(2,996)	(502)	-	726	254,702
Plant and equipment	14,463	3,770	-	-	(3,050)	(501)	-	-	14,682
Infrastructure	831,699	23,057	1,283	-	(14,200)	(3,300)	-	294	838,833
Work in progress	9,362	30,107	-	-	-	-	(352)	(32,015)	7,102
	1,070,924	62,037	1,423	36,831	(20,246)	(4,303)	(352)	(30,995)	1,115,319

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	937	4,999	(9)	(5,070)	857
Plant and equipment	113	3,805	(19)	(3,753)	146
Infrastructure	8,312	21,303	(324)	(23,192)	6,099
Total	9,362	30,107	(352)	(32,015)	7,102

Notes to the Financial Report
For the Year Ended 30 June 2019

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Total Land & Land Improvements \$'000	Buildings - specialised \$'000	Buildings - Heritage \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2018	93,915	14,790	108,705	166,828	-	166,828	937	276,470
Accumulated depreciation at 1 July 2018	-	-	-	(79,921)	-	(79,921)	-	(79,921)
	93,915	14,790	108,705	86,907	-	86,907	937	196,549
Prior year adjustments to fair value	13,958	-	13,958	10,003	-	10,003	-	23,961
Prior year adjustment to accumulated depreciation	-	-	-	(4,173)	-	(4,173)	-	(4,173)
Total Prior year adjustments	107,873	14,790	122,663	92,737	-	92,737	937	216,337
Adjusted fair value as at 1 July 2018	107,873	14,790	122,663	176,831	-	176,831	937	300,431
Adjusted accumulated depreciation as at 1 July 2018	-	-	-	(84,094)	-	(84,094)	-	(84,094)
Adjusted opening balances as at 1 July 2018	107,873	14,790	122,663	92,737	-	92,737	937	216,337
Movements in fair value								
Additions	300	-	300	4,803	-	4,803	4,999	10,102
Contributions	140	-	140	-	-	-	-	140
Revaluation	7,275	-	7,275	5,516	6,377	11,893	-	19,168
Disposal	(314)	-	(314)	(448)	-	(448)	-	(762)
Write-off	-	-	-	-	-	-	(9)	(9)
Transfers	12,391	(11,672)	719	(10,470)	10,705	235	(5,070)	(4,116)
	19,792	(11,672)	8,120	(599)	17,082	16,483	(80)	24,523
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	(2,845)	(151)	(2,996)	-	(2,996)
Revaluation	-	-	-	18,297	(634)	17,663	-	17,663
Accumulated depreciation of disposals	-	-	-	260	-	260	-	260
Transfers	-	-	-	7,283	(7,511)	(228)	-	(228)
	-	-	-	22,995	(8,296)	14,699	-	14,699
At fair value 30 June 2019	127,665	3,118	130,783	176,232	17,082	193,314	857	324,954
Accumulated depreciation at 30 June 2019	-	-	-	(61,099)	(8,296)	(69,395)	-	(69,395)
	127,665	3,118	130,783	115,133	8,786	123,919	857	255,559

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings 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 2018	19,381	7,993	4,232	4,452	113	36,171
Accumulated depreciation at 1 July 2018	(10,185)	(5,014)	(3,121)	(3,275)	-	(21,595)
	9,196	2,979	1,111	1,177	113	14,576
Movements in fair value						
Additions	2,348	915	279	228	3,805	7,575
Disposal	(1,294)	-	-	-	-	(1,294)
Write-off	-	-	-	-	(19)	(19)
Transfers	-	-	-	-	(3,753)	(3,753)
	1,054	915	279	228	33	2,476
Movements in accumulated depreciation						
Depreciation and amortisation	(1,726)	(671)	(380)	(273)	-	(3,050)
Accumulated depreciation of disposals	793	-	-	-	-	793
Transfers	-	-	-	-	-	-
	(933)	(671)	(380)	(273)	-	(2,257)
At fair value 30 June 2019	20,435	8,908	4,511	4,680	146	38,680
Accumulated depreciation at 30 June 2019	(11,118)	(5,685)	(3,501)	(3,548)	-	(23,852)
	9,317	3,223	1,010	1,132	146	14,828

Notes to the Financial Report
For the Year Ended 30 June 2019

(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 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 1 July 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
Movements in fair value												
Additions	8,789	7,001	1,164	936	3,077	-	1,091	75	267	657	21,303	44,360
Contributions	846	-	125	312	-	-	-	-	-	-	-	1,283
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	(2,263)	(2,256)	(101)	-	-	-	(116)	-	-	-	-	(4,736)
Write-off	-	-	-	-	-	-	-	-	-	-	(324)	(324)
Transfers	-	-	-	-	-	-	289	-	-	5	(23,192)	(22,898)
	7,372	4,745	1,188	1,248	3,077	0	1,264	75	267	662	(2,213)	17,685
Movements in accumulated depreciation												
Depreciation and amortisation	(9,171)	(1,131)	(442)	(733)	(586)	(802)	(437)	(85)	(201)	(612)	-	(14,200)
Accumulated depreciation of disposals	850	480	86	-	-	-	20	-	-	-	-	1,436
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
	(8,321)	(651)	(356)	(733)	(586)	(802)	(417)	(85)	(201)	(612)	-	(12,764)
At fair value 30 June 2019	655,143	99,613	27,524	76,264	31,258	7,641	31,485	7,629	10,370	20,056	6,099	973,082
Accumulated depreciation at 30 June 2019	(73,238)	(8,552)	(4,418)	(17,443)	(11,026)	(3,243)	(3,887)	(196)	(1,203)	(4,944)	-	(128,150)
	581,905	91,061	23,106	58,821	20,232	4,398	27,598	7,433	9,167	15,112	6,099	844,932

6.1 Property, infrastructure, plant and equipment (cont'd)

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 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.

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

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 as above and are consistent with the prior year unless otherwise stated.

6.1 Property, infrastructure, plant and equipment (cont'd)

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 undertaken in 2018/19 by qualified independent valuer, Todd Svanberg, Certified Practising Valuer CPV AAPI AM ASA, Director of JLL Public Sector Valuations Pty Ltd and Emily Villani RPV PMAPI, Valuer JLL Public Sector Valuations Pty Ltd. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Land				
Specialised land	-	-	127,665	30/06/2019
Land Non -Specialised	-	3,118	-	30/06/2019
Buildings	-	-	115,133	30/06/2019
Building - Heritage	-	-	8,786	30/06/2019
Total	-	3,118	251,584	

Valuation of infrastructure

Valuation of all infrastructure assets was undertaken by Council's engineering and asset management staff as at 31 December 2017.

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

6.1 Property, infrastructure, plant and equipment (cont'd)

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	581,905	31/12/2017
Bridges	-	-	91,061	31/12/2017
Footpaths and cycleways	-	-	23,106	31/12/2017
Drainage	-	-	58,821	31/12/2017
Recreational, leisure and community facilities	-	-	20,232	31/12/2017
Waste management	-	-	4,398	31/12/2017
Parks, open space and streetscapes	-	-	27,598	31/12/2017
Aerodromes	-	-	7,433	31/12/2017
Off Street Car parks	-	-	9,167	31/12/2017
Other infrastructure	-	-	15,112	31/12/2017
Total	-	-	838,833	

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 90%. 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 \$720 per square metre.

Specialised and heritage 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 cost is calculated on a square metre basis and ranges from \$257 to \$8,442 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.

A number of buildings were identified as being listed in the Victorian Heritage Register and have now been classified as heritage 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.

	2019	2018
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	2,009	4,408
Parks and reserves	66,100	48,917
Recreation and Leisure	29,031	21,599
Residential Land	361	360
Commercial Land	480	327
Aerodrome Land	2,413	1,481
Community Services Land	4,896	1,329
Business Centre/Library Land	3,929	2,053
Caravan Park Land	4,824	3,596
Carpark Land	3,693	909
Cemetery Land	-	228
Depot Land	230	245
Quarry Reserve Land	155	159
Drainage Reserve Land	5,471	4,589
Saleyard and Pound Facility Land	731	362
Waste Management Land	3,209	2,967
Road Reserves	133	386
Total specialised land	127,665	93,915

	2019 \$'000	2018 \$'000
6.2 Investment property		
Balance at beginning of financial year	1,138	1,172
Disposals	(118)	(26)
Transfers	(1,020)	-
Fair value adjustments	-	(8)
Balance at end of financial year	-	1,138

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

An assessment of investment property was undertaken during 2018/19 year and it was determined that they no longer met the criteria for classification as investment property. All previously classified investment property has now been reclassified as land and buildings in the 2018/19 year.

	2019 No.	2018 No.
Note 7 People and relationships		
7.1 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 Natalie O'Connell (Mayor - 30/10/18 - 30/6/19)		
Councillor John White		
Councillor Ben Buckley (1/7/18 - 22/8/18; 23/11/18 - 30/6/19)		
Councillor Richard Ellis		
Councillor Mark Reeves (1/7/18 - 30/10/18; 26/11/18 - 30/6/19)		
Councillor Joe Rettino (Mayor - 1/7/18 - 29/10/18)		
Councillor Marianne Pelz		
Councillor Colin Toohey		
Councillor Jackson Roberts		
Management		
Chief Executive Officer (1/7/2018 to 14/11/2018)		
Chief Executive Officer (17/11/2018 to 30/06/2019)		
Director Corporate		
Director Community Strategy		
Director Development (01/07/2018 to 10/05/2019)		
Director Operation (01/07/2018 to 14/09/2018)		
Acting Director Development (13/05/2019 to 30/06/2019)		
Acting Director Operations (15/09/2018 to 30/06/2019)		
Total Number of Councillors	9	9
Chief Executive Officer and other Key Management Personnel	8	5
Total Number of Key Management Personnel	17	14
(c) Remuneration of Key Management Personnel		
	2019	2018
Total remuneration of key management personnel was as follows:	\$'000	\$'000
Short-term benefits	1,514	1,322
Post-employment benefits	192	92
Long-term benefits	29	26
Termination Benefits	60	-
Total	1,795	1,440

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

	2019 No.	2018 No.
\$20,000 - \$29,999	7	8
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	1	-
\$60,000 - \$69,999	1	-
\$80,000 - \$89,999	-	1
\$130,000 - \$139,999	1	-
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	1	-
\$180,000 - \$189,999	1	-
\$200,000 - \$209,999	-	2
\$210,000 - \$219,999	-	2
\$220,000 - \$229,999	1	-
\$260,000 - \$269,999	1	-
\$290,000 - \$299,999	-	1
\$340,000 - \$349,999	1	-
	17	14

Included in the remuneration for the key management personnel in the \$340,000 to \$349,999 banding is a redundancy payment and associated superannuation cost totalling \$142,595 that has been included as an employee cost expense in the 2018/19 year.

Note 7 People and relationships (cont'd)

7.1 Council and key management remuneration (cont'd)

(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 \$148,000.

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

	2019	2018
Income Range:	No.	No.
\$140,000 - \$149,999	1	1
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	1	-
	<u>2</u>	<u>2</u>
	2019	2018
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	\$320,023	\$313,790

7.2 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 2019, Council paid \$119,419 to staff related to Key Management Personnel and has accrued benefits payable to these staff of \$14,776 as at 30 June 2019, under standard employment terms and conditions.
- 2 For the year ended 30 June 2019, Council paid \$240,673 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 - \$32,192 for works and services
Cr Rettino	East Gippsland Rail Trail - \$26,050 for Community Development
Cr White	Melwood Investments Pty Ltd - \$85,080 for contracted slashing services
Fiona Weigall - Acting Director Operations	The Right Man - \$88,159 for consultancy services
Paul Holton - Director Development	Noweyung - \$9,192 for mowing 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 8 Managing uncertainties

8.1 Contingent assets and liabilities

(a) Contingent assets

Operating lease receivables

The Council has entered into commercial and non commercial property leases on its property, consisting of various land and building assets. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. The majority of leases include a CPI based revision of the rental charge annually.

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

	2019	2018
	\$'000	\$'000
Not later than one year	684	669
Later than one year and not later than five years	1,953	2,102
Later than five years	2,301	2,491
	<u>4,938</u>	<u>5,262</u>

(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 2019. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2020 are \$46,680.

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.

Liability Mutual Insurance

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

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB15) (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. For the 2018/19 year \$1.941 million of capital grants has been recognised as revenue but specific obligations will not be performed until the 2019/20 year.

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.

8.2 Change in accounting standards (cont'd)

Leases (AASB 16) (applies 2019/20)

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

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current lease arrangements Council expects that the transition to the new standard will see the initial recognition of approximately \$771K in lease related assets and an equivalent liability.

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

This standard is expected to apply to certain transactions currently accounted for under 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 a not-for-profit entity to further its objectives.

8.3 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.

8.3 Financial instruments (cont'd)

(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 has 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 8.1(b).

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

(d) Liquidity risk

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

To help reduce these risks Council:

- have 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 8.1(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 5.4.

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

(e) Sensitivity disclosure analysis

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

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

8.4 Fair value measurement

Fair value hierarchy

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

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

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.

Impairment of assets

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

8.5 Events occurring after balance date

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

Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment / (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2019			
Property			
Land & land improvements	84,059	7,275	91,334
Buildings	54,653	29,556	84,209
	<u>138,712</u>	<u>36,831</u>	<u>175,543</u>
Infrastructure			
Roads	438,692	-	438,692
Bridges	64,857	-	64,857
Footpaths and cycleways	14,489	-	14,489
Drainage	37,015	-	37,015
Recreational, leisure and community facilities	11,715	-	11,715
Waste management	2,461	-	2,461
Parks, open space and streetscapes	7,991	-	7,991
Aerodromes	111	-	111
Offstreet car parks	846	-	846
Other infrastructure	15,603	-	15,603
	<u>593,780</u>	<u>-</u>	<u>593,780</u>
Total asset revaluation reserves	<u>732,492</u>	<u>36,831</u>	<u>769,323</u>
2018			
Property			
Land & land improvements	72,981	11,078	84,059
Buildings	54,653	-	54,653
	<u>127,634</u>	<u>11,078</u>	<u>138,712</u>
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
	<u>434,259</u>	<u>159,521</u>	<u>593,780</u>
Total asset revaluation reserves	<u>561,893</u>	<u>170,599</u>	<u>732,492</u>

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				
2019				
Car Parking	193	-	-	193
Development Contribution Plans	19	-	-	19
Recreational Land	712	23	-	735
Road Upgrading	34	-	-	34
Total Other reserves	958	23	-	981
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

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.

- 9.2 A prior year adjustment has been made to take up the fair value of land and building assets that had not previously been recognised in the financial statements. There were also a number of land and building assets that were included in prior years that have been identified as not being owned or controlled by Council. These assets have been included in the prior year adjustment and removed at the fair value of each asset. The found assets were in existence and owned or controlled by Council for a number of years. A third balance sheet has been provided to reflect the changes to balance sheet accounts as a result of the prior year adjustment. The 2017/18 Balance Sheet accounts also reflect the prior year adjustments as listed below and have been restated.

Summary of prior year adjustments

	Actual 2016/17 \$'000	Prior Year adjustment \$'000	Restated Actual 2016/17 \$'000
Property, Infrastructure, plant and equipment	881,972	19,788	901,760
Total Non-Current Assets	885,528	19,788	905,316
Total Assets	933,303	19,788	953,091
Net Assets	899,874	19,788	919,662
Accumulated Surplus	337,006	19,788	356,794
Total Equity	899,874	19,788	919,662

	2019	2018
9.3 Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	9,809	15,124
Depreciation/amortisation	20,792	21,707
Profit/(loss) on disposal of property, infrastructure, plant and equipment	3,809	2,650
Impairment losses	-	35
Fair value adjustments for investment property	-	8
Contributions - Non-monetary assets	(1,423)	(499)
Financing cost in financing activities	421	434
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(323)	(1,771)
(Increase)/Decrease in prepayments	(122)	(10)
Increase/(decrease) in other current assets	2	(160)
Increase/(decrease) in trade and other payables	792	990
(Decrease)/increase in other liabilities	(214)	(163)
Increase/(Decrease) in provisions	(23)	(1,628)
Increase/(Decrease) in trust funds	(83)	217
Net cash provided by/(used in) operating activities	33,437	36,934

9.4 Superannuation

Council makesthe 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.

Accumulation

The Fund's accumulation categories 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 2019, 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. 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. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018).

As at 30 June 2017, 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 103.1%. 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 estimated VBI at 30 June 2019 was 107.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 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.

9.4 Superannuation (cont'd)

The 2018 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category which Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2018 and a full actuarial investigation was conducted as at 30 June 2017.

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

	2018 \$m
- A VBI surplus	131.9
- A total Service liability surplus	218.3
- A discounted accrued benefits surplus	249.1

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceeds the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2018.

Council was notified of the 30 June 2018 VBI during August 2018.

2019 interim actuarial investigation

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2019. It is anticipated that this actuarial investigation will be completed in December 2019.

East Gippsland Shire Council

Performance Statement

For the year ended 30 June 2019

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 46,818 residents (as at 30 June 2018). 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 2019

	<i>Indicator/measure</i>	Results				Material Variations and Comments
		2016	2017	2018	2019	
C1	<i>Population Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,982.41	\$2,018.63	\$1,918.95	\$1,953.22	No material variations.
C2	<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$17,539.36	\$17,607.72	\$20,505.46	\$21,029.01	No material variations
C3	<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	14.90	15.10	15.58	15.86	No material variations
C4	<i>Own-source revenue</i> <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,531.04	\$1,562.73	\$1,603.61	\$1,599.56	No material variations.
C5	<i>Recurrent grants</i> <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$323.83	\$605.59	\$447.58	\$414.07	No material variations.
C6	<i>Disadvantage</i> <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 2019

	Service/indicator/measure	Results				Material Variations and Comments
		2016	2017	2018	2019	
AF6	Aquatic Facilities <i>Utilisation</i> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6.45	8.12	8.45	8.31	Both of the indoor facilities had major redevelopment works over the year, which impacted attendance due to the facility and pool area closures. This was slightly countered by the opening of the redeveloped Bairnsdale Aquatic and Recreation Centre aquatic area, which experienced an increase in attendance for the six weeks it was opened this year.
AM4	Animal Management <i>Health and safety</i> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0.00	1.00	7.00	2.00	Animal management initiatives have been successful, resulting in fewer prosecutions this year.
FS4	Food Safety <i>Health and safety</i> <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	100.00%	100.00%	100.00%	90.48%	Two notifications were not followed up due to incorrect data entry in the reporting system. The data entry of critical and major non-compliances has since been reviewed and improvements have been made.
G5	Governance <i>Satisfaction</i> <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]	49.00	50.00	51.00	46.00	Council will address the decrease in this rating by exploring ways to improve communication about Council's advocacy work on behalf of the community. Council will also review and improve community engagement on key strategic documents (e.g. Council Plan, annual Budget and community plans) and what is delivered through them.

East Gippsland Shire Council
Service Performance Indicators
For the year ended 30 June 2019

	Service/indicator/measure	Results				Material Variations and Comments
		2016	2017	2018	2019	
LB4	Libraries <i>Participation</i> <i>Active library members</i> [Number of active library members / Municipal population] x100	22.33%	21.35%	20.13%	19.60%	Just under 20 per cent of the population of East Gippsland are active library users. This figure has remained fairly static over the past three years.
R5	Roads <i>Satisfaction</i> <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	50.00	49.00	From reviewing the community satisfaction survey results it was identified that the responses received demonstrated that the more common responses of specific roads with the highest levels of dissatisfaction were controlled by Regional Road Victoria, not being within council's control.
SP4	Statutory Planning <i>Decision making</i> <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	33.33%	50.00%	66.67%	25.00%	Four of Council's planning decisions were appealed to VCAT, with one being upheld and the remaining three were set aside (overturned) by VCAT as they did not agree with Council's decision.
WC5	Waste Collection <i>Waste diversion</i> <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	54.08%	53.01%	50.81%	51.45%	Council has made improvements with enhanced resource recovery, developing collaborative partnership with the tip shop to reduce waste and continued effort with promoting waste education.

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2019

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 authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health

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

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

"major non-compliance outcome notification" means a notification received by a council under section 19N (3) or (4) of the *Food Act 1984*, or advice given to council by an 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

"population" means the resident population estimated by council.

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

East Gippsland Shire Council
Financial Performance Indicators
For the year ended 30 June 2019

	Dimension/ <i>indicator/measure</i>	Results				Forecasts				Material Variations and Comments
		2016	2017	2018	2019	2020	2021	2022	2023	
E1	Efficiency <i>Revenue level</i> <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,522.33	\$1,582.84	\$1,642.79	\$1,689.12	\$1,722.57	\$1,756.68	\$1,791.47	\$1,826.94	No material variations.
	<i>Expenditure level</i> <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,698.38	\$2,836.05	\$2,793.63	\$2,882.19	\$2,775.01	\$2,837.01	\$2,861.36	\$2,891.72	No material variations.
	<i>Workforce turnover</i> <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	13.99%	15.28%	11.40%	11.61%	13.84%	12.15%	12.15%	12.15%	No material variations.
L1	Liquidity <i>Working capital</i> <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	187.98%	304.42%	333.34%	349.01%	243.12%	181.66%	168.16%	198.09%	The advance payment of \$7.75 million of the 2019/20 Victoria Grants Commission in 2018/19 year together with incomplete capital works of \$18.3 million added significantly to the total of current assets at year end. This accounts for the higher working capital result for the 2018/19 year.

East Gippsland Shire Council
Financial Performance Indicators
For the year ended 30 June 2019

	Dimension/ <i>indicator/measure</i>	Results				Forecasts				Material Variations and Comments
		2016	2017	2018	2019	2020	2021	2022	2023	
L2	<i>Unrestricted cash</i> <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	32.62%	62.45%	5.73%	-8.44%	112.94%	85.79%	75.20%	75.11%	\$34 million in term deposits classified as other financial assets in the 2018/19 year and this has impacted on the % for 18/19.
O1	Obligations <i>Asset renewal</i> <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	99.66%	89.95%	71.86%	112.51%	176.61%	113.62%	115.46%	118.60%	Council's capital works program targets to exceed the 100% renewal target each year. Depending on the timing of when some capital projects are completed this may cause a variance for the actual result compared to the forecast.
O2	<i>Loans and borrowings</i> <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	16.55%	12.57%	10.80%	7.15%	5.71%	5.54%	2.64%	2.56%	Council has very low debt and this indicator comparing borrowings to rates will continue to decrease significantly.
O3	<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.70%	4.50%	2.03%	3.99%	1.76%	0.48%	3.19%	0.22%	Loan repayments vary from year to year and there are some years where no principal repayment is made and other years where a lump sum payment is required. This leads to result increasing in years of principal repayments and a decrease in the years where interest only is paid.

East Gippsland Shire Council
Financial Performance Indicators
For the year ended 30 June 2019

	Dimension/ <i>indicator/measure</i>	Results				Forecasts				Material Variations and Comments
		2016	2017	2018	2019	2020	2021	2022	2023	
O4	<i>Indebtedness</i> <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	27.82%	25.48%	16.72%	16.35%	16.20%	10.50%	4.69%	8.71%	No material variations.
OP1	Operating position <i>Adjusted underlying result</i> <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	-6.31%	7.25%	7.06%	4.34%	-2.78%	5.94%	6.56%	5.70%	The impact of the advance grants commission payment of half of the 2019/20 allocation of \$7.7 million in June 2019 has reduced income for 2019/20.
S1	Stability <i>Rates concentration</i> <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	64.47%	54.25%	57.85%	59.64%	67.76%	61.97%	62.36%	63.62%	The impact of the advance grants commission payment of half of the 2019/20 allocation of \$7.7 million in June 2019 has reduced income for 2019/20. This has increased this percentage for the 2019/20 year.
S2	<i>Rates effort</i> <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.55%	0.56%	0.57%	0.57%	0.56%	0.57%	0.58%	0.59%	No material variations.

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2019

Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

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

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

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

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

East Gippsland Shire Council

Other Information

For the year ended 30 June 2019

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 25 June 2019 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 2019

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: 10 September 2019

In our opinion, the accompanying performance statement of the East Gippsland Shire Council for the year ended 30 June 2019 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.

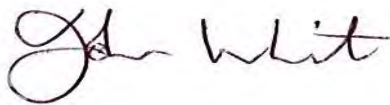
At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

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.



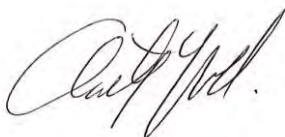
Councillor Natalie O'Connell
Councillor

Dated: 10 September 2019



Councillor John White
Councillor

Dated: 10 September 2019



Anthony Basford
Chief Executive Officer

Dated: 10 September 2019

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 2019 • sustainable capacity indicators for the year ended 30 June 2019 • service performance indicators for the year ended 30 June 2019 • financial performance indicators for the year ended 30 June 2019 • other information for the year ended 30 June 2019 (basis of preparation) • certification of the performance statement. In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2019, 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>. 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 performance statement 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 performance statement	The Councillors of the council 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 determine 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether the 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
20 September 2019


Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

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

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Bairnsdale 3875 Australia
Web eastgippsland.vic.gov.au
Email feedback@egipps.vic.gov.au
Fax (03) 5153 9576

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