



Annual Report

2019-20



Cover:

Following the devastation left by the Black Summer bushfires, the recovery work has been immense, including the environmental recovery and regrowth of the native plant life and ecosystem.

Acknowledgement of Country

East Gippsland Shire Council acknowledges the Gunaikurnai, Monero and the Bidjawan 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, and their Elders past and present.

Annual Report 2019-20

East Gippsland Shire Council is committed to transparent reporting and accountability to its community. The 2019-20 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 2019/20 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 2019 to 30 June 2020.

ANNUAL REPORT DURING AN ELECTION PERIOD

As the Annual Report 2019-20 will be finalised and published during the Councillor election period there will be no material that could be deemed as promotional, therefore all achievements and images of Councillors will not be included in this report, with the exception of the group profile image.

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 third 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 2019-20

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 a message from our Chief Executive Officer.

2. THE YEAR IN REVIEW (FROM PAGE 5)

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

3. OUR COUNCIL (FROM PAGE 24)

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

4. OUR ORGANISATION (FROM PAGE 31)

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

5. OUR PERFORMANCE (FROM PAGE 42)

This section provides more information about:

- the status and outcomes of the commitments made in the Council Plan;
- Financial cost of delivering services; and
- Council's overall performance against the Plan.

6. GOVERNANCE, MANAGEMENT AND OTHER INFORMATION (FROM PAGE 78)

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

7. FINANCIAL PERFORMANCE (FROM PAGE 108)

This section shows how Council performed financially from 1 July 2019 to 30 June 2020. It also shows the overall financial position of Council as at 30 June 2020.

The financial report contains:

- Financial Statements
- Notes to the Accounts
- Performance Statement

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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.

Section two: The year in review



Highlights of 2019-20

Strong Communities

- Three Citizenship Ceremonies, which saw **40 newly conferred Australian citizens**. The ceremonies were livestreamed over Council's YouTube account and made available to people around the world.
- **\$1 million of drought grant funding** allocated to 19 community infrastructure upgrades across our drought affected communities. Major projects that have funding allocated for completion are the Swifts Creek Swimming Pool changeroom upgrade and Cann River Hall kitchen upgrade.
- **Place Plans for Cann Valley, Twin Rivers and Errinundra to Snowy** have been completed and adopted by Council.
- NAIDOC Week was held in July and Council supported a large calendar of events, including the **flag raising ceremony at Council's Corporate Centre** in Bairnsdale.
- Council established a directorate wholly focused on bushfire recovery which was instrumental in expediting our community's recovery from the impacts of the Black Summer fire event.
- Supported the **establishment of Community Recovery Committees** as part of a community-led approach to bushfire recovery.
- Council **supported the community during COVID-19** through the provision of fee relief, additional business supports, provision of services in alternate ways and information.



In response to COVID-19 closing Council facilities the Bairnsdale Library commenced live streaming Storytime over YouTube

A liveable region

- **Delivered 104 capital works and landfill rehabilitation projects** with a value of **over \$32 million**.
- Progressed **restoration of key Council assets damaged by the bushfires**, including over 600 km of roads, 16 bridges and Mallacoota coastal foreshore infrastructure.
- Supported clean-up of bushfire damaged dwellings and other structures by establishing a waste disposal site at the former Orbest landfill.
- Installed **solar energy systems on four Council buildings**, totalling 90kW, and systems on **five community buildings**, totalling 35.6kW.
- **Maintains 2,977 kilometres of road**, which 1,269 km is sealed and the remaining 1,708 km is unsealed.
- **524 planning application** decisions were made.
- Supported impacted landholders through the approvals and rebuild by establishing a Bushfire Rebuilding Support Service and the assessment and issuing of permits.
- The **Bosworth Road landfill was rehabilitated** to a recreation area and open to the public. The area is now a fully treed shared space for walkers, cyclists and dog owners.
- **Engages 75 volunteer committees of management** to manage community recreation facilities across the shire.
- Council hosted the **Sustainable Schools Expo** with 300 students attending.
- Operation of three airports during the Black Summer fire season, with up to over 200 aircraft movements per day over this period.
- Developed a new Service Charter for the Raymond Island Ferry which was successfully trialed during in October and adopted in May.

A growing regional area with opportunities

- Council again supported the Bairnsdale community to **host the start of the 17th annual Barry Sheene Tribute Ride** in October. Young local Jordan Hare was invited to wave the riders off.
- **Two surveys to assess impact** of the bushfires and COVID-19 on local small business have been completed. The surveys report significant impacts.
- Council has worked with Small Business Victoria to help impacted businesses to access financial and other assistance.
- Council coordinated and supported approximately **229 events** and provided advice which eventually led to **82 event permits being issued**. Due to the bushfires and COVID-19 restrictions, a further 88 events were cancelled.
- **Completion of the Bairnsdale Airport Masterplan** providing clear future direction for the site and the aviation services it hosts.

- As part of Small Business Week, Council ran the Owing Our Future gala industry dinner, which 131 people attended. Jillian Kilby was the special keynote speaker.
- The Regional and District Events Sponsorship (RADES) awarded **\$68,900 in funding for 23 events** along with additional sponsorship and support to **attract 5 new events to the region**.

Council had a presence at the Orbost Show in March 2020 with two sites operating: recovery information and a general information site.



Good governance

- Council was able to continue holding Council meetings during the COVID-19 restrictions with four meetings held through videoconferencing.
- **168 resolutions** were made by Council over **15 Council Meetings**. Of these resolutions, only six were made closed to the public.
- Contractor breakfast in July 2019 that delivered awareness of procurement practices and tendering within the shire.
- **Convened and chaired the East Gippsland Recovery Committee** from January 2020 to support coordination of all agencies involved in recovery from the summer fires.

- Council received the Victorian Government's **\$1.51 million payment as part of a drought relief package**. The full amount was passed on as rate relief to all farm properties on a proportional basis.
- Advertised **41 tenders which received 145 tender submissions**.
- **Three Council meetings** were held in towns outside of Bairnsdale. Meetings were held in Omeo, Orbost and Cann River.

Responsive services

- During the bushfires, customer service provided 24-hour emergency assistance for emergency calls with 9,994 calls received for the month of January.
- **59,921 emails** received through Council's feedback email address.
- New bushfire and COVID-19 community newsletters developed and distributed electronically and hardcopy. **More than 50 editions of the Bushfire Community Newsletter** were published.
- **72,345 phone calls received** through Council's call centre, an increase of 31 per cent on calls received in 2018-19.
- Council continued to deliver services, albeit slightly different, to our community during the COVID-19 pandemic.
- **Established a dedicated Bushfire Recovery Centre** in Bairnsdale and provided a mobile recovery service to provide advice and service to more than 39 communities.
- Council increased its social media presence with **Facebook followers** increasing from 2,074 in 2019 to **5,856 in 2020**, **271 tweets** on Twitter and Council's YouTube channel had **148 video posted** with **19,030 video views**, an increase of 45 per cent from 2018-19.
- Council **appointed 110 new employees**, which included 54 casuals, with many of these new roles specifically to provide bushfire recovery support.
- **Established a working partnership with the City of Melbourne** through which a number of limited tenure human resources have been secured to supplement existing staff numbers and expertise to assist with bushfire recovery.
- All critical and 'second tier' essential services were maintained during COVID and **126 staff from across the organisation were working effectively and productively from home**

Council hosted 10 work experience placements, four university student placements and hosted two people for Job Shadow Day



Capital Works Overview

In 2019-20 East Gippsland Shire Council delivered over \$30.8 million of Capital Works.

Highlights:

Completed the **Bairnsdale Aerodrome Drainage** project which cost \$575,474, with \$513,334 being spent in 2019-20.

Constructed or replaced **12 bridges** at a total cost of \$3,744,840.

Completed the construction of the **Mitchell River Walking Track** which cost \$228,933 with \$187,327 being spent in 2019-20.

Completed **streetscapes in Bairnsdale** which cost of \$1.2 million with \$497,889 being spent in 2019-20, and **Orbost streetscape** which cost \$1.5 million with \$698,190 being spent in 2019-20.

Completed safety improvements to the roundabout at **Wallace and Gould streets Bairnsdale** (\$462,274) and **Wolseley Street, Orbost** (\$210,701).

Completed the upgrade of the **toilet block and barbeque shelter at Harry Clues Reserve, Johnsonville** which cost \$219,834.

Commenced the upgrade of the **Seawalls in Lakes Entrance** at a cost of \$710,000 during 2019-20.



The overall spend included:

- **\$18.393 million** on roads, footpaths and bridges
- **\$3.058 million** on plant, furniture and equipment
- **\$2.994 million** on building, land acquisitions and improvements
- **\$2.295 million** on drainage
- **\$1.320 million** on recreation, leisure, parks and open space
- **\$0.372 million** on waste management
- **\$2.395 million** on other infrastructure

Commenced the upgrade of **McMillan Street and Phillips Lane, Bairnsdale**, including the installation of wetlands on McMillan Street at a cost of \$1.4 million in 2019-20.

Commenced the **construction of the Mallacoota Pavilion** at a cost of \$722,537 during 2019-20.

Commenced the **installation of new Sheep Pens at the Livestock Exchange, Bairnsdale** at a cost of \$773,392 during 2019-20.

Commenced the **upgrade of Sunset Cove playground in Paynesville** at a cost of \$366,000 during 2019-20.

Upgraded the **Swan Reach Recreation Reserve Female Facilities** which cost \$283,057.

Completed the upgrade of the **Swifts Creek Waste Transfer Station** at a cost of \$280,000.

Message from the Mayor and Chief Executive Officer

East Gippsland Shire Council faced major challenges over the past 12 months, with drought, bushfires and COVID-19 severely impacting our region. These major events have affected our community, our staff, our landscapes, our built environment and our economy.

We are very proud with the way the organisation and staff have responded to these external emergencies and continued to deliver outcomes for our communities. East Gippsland Shire covers approximately 10 per cent of Victoria and the Black Summer bushfires burnt 56 per cent of the municipality. This disaster saw East Gippsland become a focus for extensive media coverage across the globe. We received thousands of messages of support and offers of assistance for which we are very grateful.

On behalf of Council and the community, our profound thanks go to the many volunteers that supported the response, relief and recovery process to the Black Summer Bushfires. The remarkable efforts of our communities and our staff has been amazing, and their work should be acknowledged; the desire to assist has resulted in many hours focussed on resolving key issues impacting our communities.

Councillors have worked to advocate and support residents through this challenging time. In addition, we have used the experiences of our organisation and community feedback to actively contribute to improving Australia's bushfire preparedness, response and recovery for future events.

In response to the mountain of work involved in bushfire recovery, the organisation set up a new directorate solely focused on this important responsibility. We have identified five key elements of recovery and created plans for each: culture and healing, social, natural environmental, economic, and built environment. Council understands our region's recovery from the drought, Black Summer bushfires and COVID-19 will take a number of years, and we will be here for our community at every step.

Despite the external challenges we have still managed to deliver our services, albeit in different ways. The results of our Community Satisfaction Survey, conducted independently a couple of months after the most significant fires, show that residents' perceptions of Council's overall performance improved significantly this year, as did perceptions of customer service.

We delivered over \$30 million in capital works for the year, with major works that included Bairnsdale and Orbost streetscape upgrades, Lakes Entrance seawall upgrade and the upgrade to McMillan Street and Phillips Lane (Bairnsdale).

Council continues to be in a sustainable financial position, recording an underlying surplus of \$11.5 million. Net assets increased by \$17 million to \$1,169 million and we reduced our borrowings by \$0.727 million to \$3.350 million.

While the past year is not one we would like to see repeated, it has not been without its positives. We have seen an increase in community members engaging with Council, particularly on social media and through place-based recovery committees. This year's challenges have helped people see beyond the 'roads, rates and rubbish' catchphrase.

This is the final year of the current Council term. Elected in 2016, Councillors have overseen positive growth in a number of areas across the organisation. The events of 2020 are not how any of the Councillors would want to finish the term; however, it is also true that this year has highlighted why East Gippsland is such a great place to live: we have a strong sense of community; we support each other; and we are resilient.

It has been a pleasure to represent the community and advocate to support you during the challenges we have faced together.

Cr John White - Mayor

Anthony Basford - Chief Executive Officer

Challenges East Gippsland faced in 2019-20

The 2019-20 year has been challenging for the East Gippsland region, facing multiple emergencies and disasters over the year.

Drought

Council has taken a proactive role in seeking to understand, respond to and plan for drought. This has included the implementation of a number of proactive initiatives that have seen the Drought Reference Group formed, a Drought Assistance Officer employed and direct support provided to affected community members and organisations.

Council is also working in partnership with Wellington Shire Council on the impacts identified in the joint Drought Response Proposal 'Looking Ahead.' The proposal is an outcome of discussions between the two Councils and supporting agencies to include suggestions for government and agencies to consider now and into the future.

In October 2019 it was announced that East Gippsland Shire Council would receive the Victorian Government's \$1.51 million Local Government Service Support Payment as rate relief for all farm properties.

Other funding received for drought relief in 2019-20 includes:

\$500,000 to a range of drought initiatives that included: • individual support through a number of recognised charitable organisations; • support to supply household water; • support for a range of strategic and future focused projects; and • a range of advocacy and awareness-raising initiatives.	\$1 million to upgrade infrastructure, which included: • East Gippsland Livestock Exchange sheep pen renewal; • Sheep pen roofing installation; and • Strategic emergency water supply installations.	An additional \$1 million to upgrade additional community infrastructure, which included: • Swifts Creek Pool; • Community Hall upgrades; • Play spaces; • Water tanks and infrastructure; and • Recreation reserve upgrades.
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Bushfire Preparation

East Gippsland has experienced many emergency events and natural disasters and Council and our communities continually develop the knowledge, planning and approach to the way we respond and recover.

Agencies in the region recognise the importance of working together to plan and respond to emergency events and East Gippsland has an active Municipal Emergency Management Planning Committee and sub-committees. The East Gippsland Municipal Emergency Management Plan was audited in 2018 and was found to represent a best practice approach.

Local incident management plans (LIMPs) are in place for 33 East Gippsland communities and several reviewed their plans in the leadup to the 2019-20 fire season, including Buchan, Swifts Creek, Benambra and Cann River.

Council ran two emergency relief centre training sessions to train 50 staff in the basics of how to open and operate a relief centre in the lead up to the 2019-20 fire season and this proved to be invaluable.

Black Summer Bushfires

As East Gippsland had experienced significant drought and there was severe, widespread dryness in the region, lightning strikes were quick to ignite numerous fires in region in November 2019. Unfavourable conditions and remote locations meant the fires were difficult to contain and several fires joined, creating fires of a magnitude previously unseen.

On 29 December, the Emergency Management Commissioner urged holidaymakers not to travel to East Gippsland and asked all visitors to leave. This was followed by Victorian Premier Daniel Andrews declaring a state of disaster on 2 January 2020 for multiple areas, including East Gippsland. During this time, all 46,000 residents were directly or indirectly impacted.

It was the first time the government had used the state of disaster provisions, which were created following the 2009 Black Saturday fires.

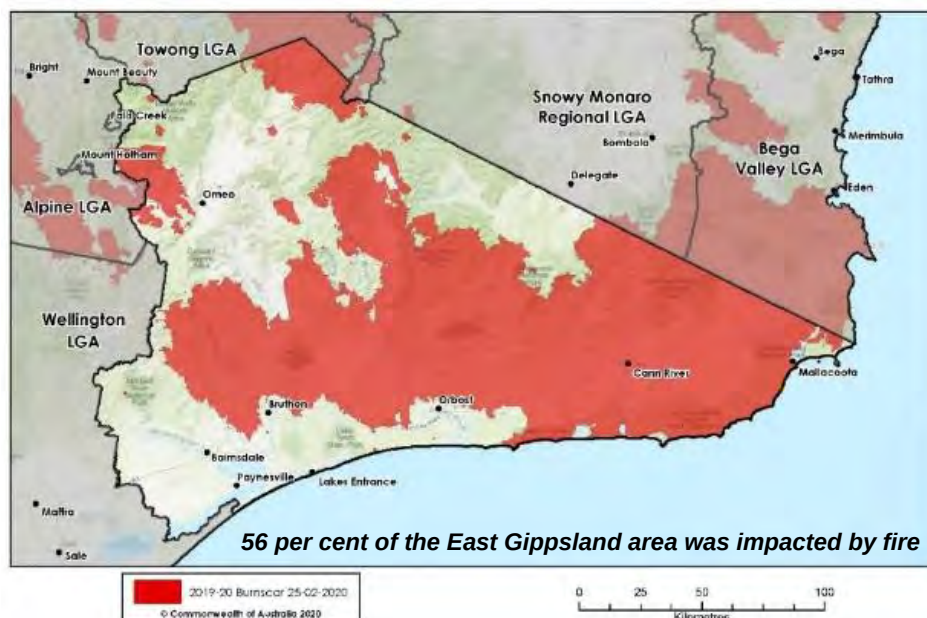
In addition to multiple relief centres set up within East Gippsland area, neighbouring councils further supported fleeing residents at relief centres in areas such as Sale, Morwell and over the NSW border in Delegate. Council activated a recovery centre in Bairnsdale in early January to provide customer service and manage call-out operations for all bushfire recovery enquires. Recovery centre staff called affected residents to share information about the assistance that was available. Council also set up an automated referral service to speed up the delivery of support.



These unprecedented fires caused unfathomable damage, loss of life and so much more. Our forests, wildlife, homes and sheds; wiped out in fires that seemed unstoppable. Our economic impact will not be really understood for years.

During and following the fires, several remote communities were isolated for long periods by closures on major arterial roads including the Princes Highway, which led to a shortage of essential goods. Council delivered supplies into these communities with the assistance of Victoria Police and the Australian Defence Force, including:

- Food, including fresh fruit and vegetables, and non-perishables
- Water
- Fuel
- Medical supplies
- Generators



The impact the bushfires had on East Gippsland

- Three fatalities.
- More than 410 residential properties destroyed or damaged.
- 56 per cent of East Gippsland impacted by bushfire, or over 1,100,000 hectares burnt.
- Princes Highway cut for 37 days.
- Great Alpine Road, Bonang Highway and Monaro Highway closed for periods of time.
- Telecommunications, power, water and many minor roads impacted.
- 72 per cent loss in tourism expenditure.
- Estimated loss of visitor expenditure for Gippsland of \$170-180 million.
- Air and sea evacuations from Mallacoota and Omeo by the Australian Defence Force.

Council's involvement in Recovery

In early January 2020, Council convened the East Gippsland Recovery Committee, in partnership with Bushfire Recovery Victoria, and began recovery operations, alongside its emergency response. A local recovery centre was opened in Bairnsdale in early January to provide customer service and manage call-out operations, sharing information about support and assistance available to fire-affected residents. More than 15,000 referrals were made through the recovery centre.

A Mobile Recovery Information Service was also established and teams of representatives from Council, the Department of Health and Human Services, Red Cross, Centrelink, Rural Financial Counselling, Agriculture Victoria, Environment Protection Authority and GROCON visited 39 fire-affected communities to provide recovery information and support before COVID-19 restrictions came into effect.

More than 30 Victorian Councils supported us to shore up delivery of our usual services where possible and support the objectives of the community-led recovery since early January 2020.

Planning and delivery of bushfire recovery services occurs across five recovery environments:

- Social environment – considers the impact an event may have on the health and wellbeing of individuals, families and communities.
- Built environment – considers the impacts an event may have on essential physical infrastructure.
- Economic environment – considers the direct and indirect impacts an event may have on business, primary producers and the broader economy.
- Natural environment – includes air and water quality, land degradation and contamination, plant and wildlife damage and loss, and national parks, cultural and heritage sites.
- Culture and healing - considers the impact on our Aboriginal communities, the unique needs and attributes of individuals, families, communities, and businesses as the traditional owners in our region.

The appointment of Place Managers has allowed Council to work in the community to support community led recovery, working closely with community leaders and Bushfire Recovery Victoria. The four Place Managers are located across the shire to support Community Recovery Centres and representative groups to identify and achieve their priorities.

The Community recovery committees have been established to give a voice to the broad views and aspirations of communities, and the way they interact with local, state and federal governments. Community recovery committees (or interim committees) have been established in nine communities/districts, including:

- | | |
|----------------------|---------------------------|
| • Omeo and surrounds | • Wairewa |
| • Cann Valley | • Sarsfield |
| • Clifton Creek | • Bruthen |
| • Mallacoota | • Errinundra to Snowy |
| • Buchan | • Orbost (in development) |

COVID-19 Pandemic

East Gippsland Shire residents, businesses and communities have been impacted significantly by the COVID-19 pandemic. The impact has been made worse by the 2019-20 summer bushfires; three and half years of below average rainfall; and timber, fishing and farming industry transitions.

Residents have been impacted by these events and changes either directly or indirectly through impacts on their significant others, families, friends and/or the communities in which they live. Following the implementation of State Government restrictions Council had to close many public facing services, while other services have been required to be run from remote locations. Council have worked to keep all permanent staff employed and have implemented a significant alternative duties program that has allowed staff to complete important and outstanding work in other areas of the organisation.

Council has developed a plan to transition to a COVID normal *East Gippsland – The way we do business now*. This plan was designed to be dynamic and able to respond to required changes with little effort and a quick response to State Government announcements and other changing circumstances. The plan was developed following an assessment of the learnings from the requirement to do business differently during the pandemic with a clear understanding that some of these learnings were positive and allowed for innovation and change. Importantly the plans also ensure the protection of our staff and community by ensuring that appropriate interventions are in place.

While undertaking alternative duties our staff, primarily from closed recreation centres, caravan parks, libraries and service centres, turned their hand to work in other operational areas to enable additional footpath inspections, cleaning and maintenance work, administration, bushfire recovery efforts and more,

As Council was not eligible for the JobKeeper payments, the decision was made not to stand down any permanent staff and up to 45 permanent and casual staff were offered alternative duties so they could continue to work through this period. Overall, skills have been broadened, a new perspective on other roles and functions in the organisation developed, and new workmates gained.



Alison McGoldrick and Maree Donald from the BARC painting street furniture to refresh community amenities



Kim Jerkins from the Lakes Aquadome undertaking footpath inspections as part of the alternate duties

Summary of financial performance

The summary of financial performance provides an overview of how Council has performed financially in 2019-20. The 2019-20 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

- \$125.1 million revenue against a budgeted \$95.9 million
- Rates and Charges comprised \$58.8 million (47%) of the total operating revenue
- \$106.4 million expenditure against a budgeted \$88.9 million
- Operating surplus of \$18.6 million (budget \$7.0 million)
- \$30.8 million Capital Works program delivered against a budgeted \$45.6 million
- Cash holdings and other financial assets increased by \$11.5 million from \$57.1 million in 2018-19 to \$68.6 million in 2019-20
- Net debt decreased by \$0.727 million from \$4.077 million in 2018-19 to \$3.350 million in 2019-20

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 2019-20 is 104.6%.

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 \$3.350 million as at 30 June 2020.

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 \$8.2 million of the 2020-21 Financial Assistance Grant was received in the 2019-20 year and included in the operating surplus for 2019-20.

Council's operating results

Council achieved an operating surplus of \$18.676 million this year compared to a \$9.809 million surplus in 2018-19. This is greater than last year's result by \$8.867 million. The operating surplus in 2019-20 includes unbudgeted income of \$8.2 million for an advance payment of the 2020-21 Financial Assistance Grant. Without this advance payment, the operating surplus for the year would have been \$10.4 million which is \$3.4 million greater than the budgeted result.

An increase in capital grants over the budget of \$888,000 increased the income for the year as well as unbudgeted user fees of \$10.125 million for bushfire waste disposal, offset by a reduction in other user fees of \$2.290 million as a result of facility closures after the 2019-20 bushfire event and the COVID-19 pandemic, and other unbudgeted operating grants of \$10.622 million and this added to the advance Financial Assistance Grant of \$8.2 million, offset by contributions that were less than budget by \$550,000, account for total income exceeding the budget by \$29.236 million.

Offsetting the additional income was unbudgeted expenditure as a result of costs associated with the 2019-20 bushfire event for the repair and restoration of infrastructure and other expenditure offsetting additional operating grants received for drought relief for the farming sector and bushfire assistance to support the community recovery. The additional expenditure over the budget was \$17.555 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.

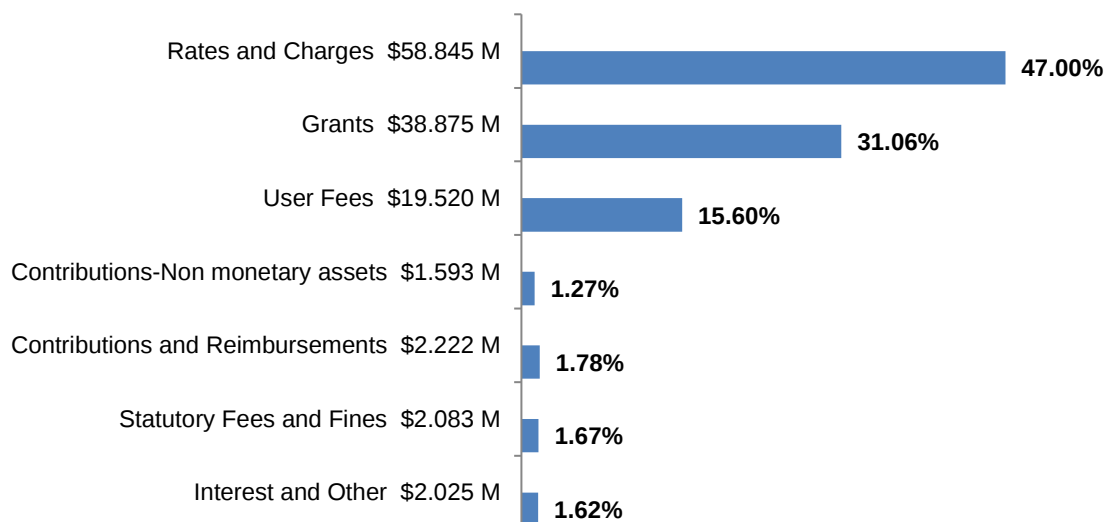
Council recorded an underlying surplus of \$11.547 million this year compared to an underlying surplus of \$4.1 million last year. The advance Financial Assistance Grant payment of \$8.2 million added to the result for 2019-20 year.

Income

This year's operating income totalled \$125.1 million; \$29.2 million greater than budget. This was mainly due to the advance payment of \$8.2 million of the 2020-21 Financial Assistance Grant being received in 2019-20, additional capital grants over the budget of \$888,000, additional user fees of \$10.125 million for bushfire waste disposal, offset by a reduction in other user fees of \$2.290 million as a result of facility closures after the 2019-20 bushfire event and the COVID-19 pandemic and

other unbudgeted operating grants of \$10.622 million for drought and bushfire support to the community offset by contributions that were less than budget by \$550,000.

The graph below shows the breakdown of Council's income in 2019-20:



Rates and Charges

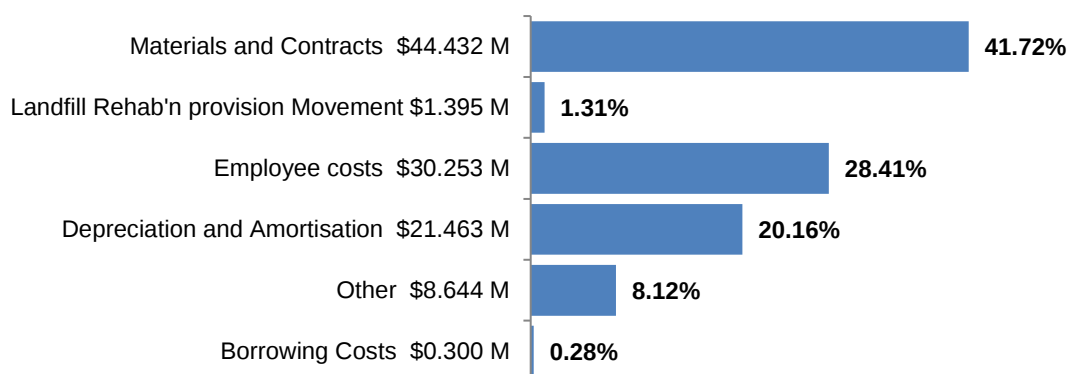
Rates and charges income was \$58.845 million this year. As a percentage of total income this is 47%, compared with 56.3% in the previous year. The reduction in reliance on rates and charges in the 2019-20 year is a result of additional grants and user fees as explained below.

Other revenue sources

Grant funding was \$38.875 million this financial year and accounted for 31.06% of total income, compared to 24.4% last year. The percentage of total income from grants has been impacted in 2019-20 mainly resulting from the advance payment of \$8.2 million of the 2020-21 Financial Assistance Grant in the 2019-20 year, additional capital grants over the budget of \$888,000, and other unbudgeted operating grants of \$10.622 million for drought and bushfire support to the community.

User fees accounted for 15.6% of total income compared to 11.05% in the previous year. Additional user fees of \$10.125 million for bushfire waste disposal, offset by a reduction in other user fees of \$2.290 million as a result of facility closures after the 2019/20 bushfire event and the COVID-19 pandemic accounted for the increased income from user fees in 2019-20.

The graph below shows the breakdown of Council's operating expenditure in 2019-20:



Operating expenditure

Over 90% of our operating costs occur in the following three categories:

- Employee expenses 28.4%
- Materials and services 41.7%
- Depreciation 20.1%

This year's operating expenditure totalled \$106.487 million, which was \$17.555 million greater than forecast in the budget. Depreciation and amortisation expenses were \$1.010 million greater than budget. Other expenses were \$7.102 million greater than budget as a result of adjustments to assets written off mainly as a result of infrastructure that was destroyed or impaired following the 2019-20 bushfire. Employee costs also exceeded budget by \$0.500 million as a result of additional employees engaged that were funded from a grant provided to Council following the 2019-20 bushfires to support the community recovery. An increase in the provision required for landfill rehabilitation was a result of the Orbest landfill being reopened to accept bushfire waste and the subsequent requirement to rehabilitate the site. This added \$1.1 million to the provision.

Employee costs for the year were \$29.753 million compared to \$29.497 million in the previous year and accounted for 28.4% of total expenditure which was less than the the previous year of 32%. This was \$500,000 more than the budget as a result of the employment of additional employees for bushfire recovery activities that were funded through a government grant.

Materials and Contracts expenditure was \$44.432 million this year, \$9.847 million greater than last year and accounted for 41.72% of total operating expenditure which was greater than the previous year of 38%. This was \$7.445 million greater than the 2019-20 budget amount. The variance to budget relates to additional expenditure following Council receiving a grant to support farm ratepayers as a result of the drought as well as a number of grants to provide support to the community following the 2019-20 bushfires. Rate rebates to farming rate assessments of \$1.51 million were made as a result of the drought as well as other unbudgeted expenditure to support the community following the bushfire. The most significant of these

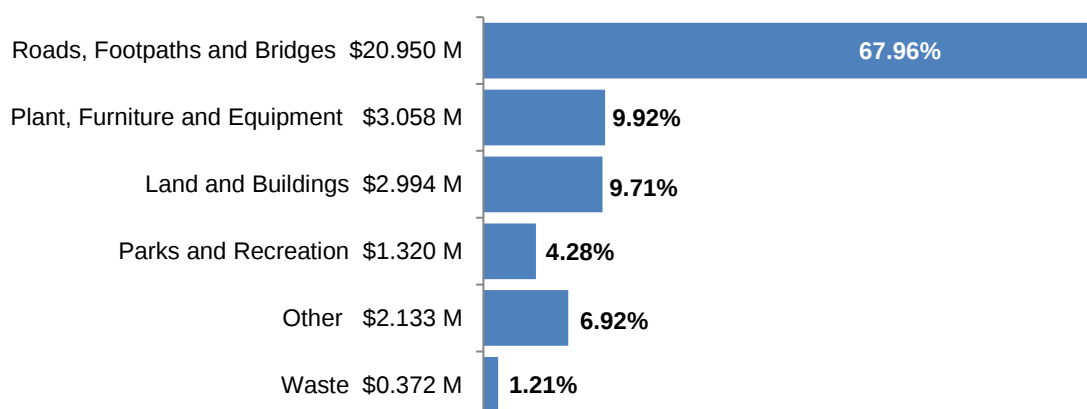
expenses were \$1.259 million of rate rebates and waivers and grants to the business sector of \$350,000 for support following the 2019-20 bushfires. There was also additional materials and services expenses that related to the repair and restoration of infrastructure, relief and ongoing recovery support for the community as a result of the bushfire and this accounted for \$4.137 million of the unbudgeted materials and services expenses.

Depreciation and amortisation was \$21.463 million this year, \$671,000 greater than the previous year and accounted for 20.1% of total operating expenditure compared to the previous year of 22.7%. The impact of the revaluation of building assets in 2018-19 accounted for the majority of the increase in 2019-20.

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 \$30.8 million, which was \$14.799 million less than budget. This was due to the timing of some projects that will not be completed until the 2020-21 year.

The graph below shows the major capital expenditure categories for the 2019-20 year:



Roads and Bridges capital expenditure was \$20.950 million this year, \$4.558 million greater than last year, and accounted for 67.96% of total capital expenditure compared to 54.45% last year.

Land and Buildings capital expenditure was \$2.994 million this year, \$2.005 million less than last year, and accounted for 9.71% of total capital expenditure compared to 16.6% last year.

Parks and Recreation capital expenditure was \$1.320 million, \$927,000 less than last year. It accounted for 4.28% of total capital expenditure compared to 7.46% last year.

Plant, Furniture and Equipment capital expenditure was \$3.058 million this year, \$746,000 less than last year and accounted for 9.92% of total capital expenditure compared to 12.63% last year.

Balance sheet

Council has maintained a strong balance sheet this year. Net Assets were \$1,169 million as at 30 June 2020 compared to \$1,152 million last year. This is an increase of \$17 million which is mainly due to the operating surplus of \$18.676 million.

Debt Levels

No new borrowings were taken up during the year. Borrowings totalled \$3.350 million as at 30 June 2020, \$727,000 less than last year.

Council borrowings as at 30 June 2020 of \$3.350 million relates 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 was \$300,000 which is \$120,000 less than last year.

Cash and Cash Equivalents and Other Financial Assets

Cash and cash equivalents totalled \$35.137 million as at 30 June 2020; this was \$11.994 million greater than last year. Other financial assets, which include term deposits invested for greater than 90 days that will mature in July 2020, totalled \$33.5 million as at 30 June 2020 compared to \$34.0 million at 30 June 2019. This is a decrease of \$500,000 as at 30 June 2020.

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 2.5% cap on increases to rates and charges for the 2019-20 year. The rate cap for the 2020-21 year was set at 2.0% and Council taking into account the impact of the 2019-20 bushfire and COVID-19 on the community made a decision to not increase total rates and municipal charges for 2020-21 over the 2019-20 base level. This has impacts on Council's previously planned income from rates and charges in the Long-term Financial Plan. Council though will continue to maintain its cash reserves at a prudent level providing Council with financial flexibility whilst continuing 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.

2019-20 calendar of events

Council worked proactively to attract new events to the region in 2019-20 and support a vast array of existing events.

Council, through its Economic Development Events Unit, continued to support approximately 229 individual held events and provided advice which eventually led to 82 event permits being issued.

The 2019-20 Black Summer bushfires resulted in 12 known event cancellations from late December into January. COVID-19 restrictions on public gatherings came into place 16 March 2020, causing all public events cancelling or postponing until further notice. Council has continued to communicate and support event owners during this time.

Council supported eight Australia Day events and assisted in the support for the Bairnsdale Anzac Day and Lakes Entrance Remembrance Day Commemoration Event. Council supports these activities with funding 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 250 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, along with the Event Attraction program, including attracting 5 new events to the region.

Council invested a total of \$68,900 into sponsorship funding programs to support a total of 22 regional events. These events returned \$2,489,184 of direct economic input into East Gippsland. The estimated average return on investment (ROI) is calculated at 36:1. In other words, for every sponsorship dollar invested, the community benefits by receiving \$36.

See table for some highlights:

Event	Dates	Supported by Council
Twin Rivers Bream Fishing Classic	19 –21 July 2019	RADES
East Gippsland Beef Conference	13 August 2019	Sponsorship
Dog Show – Bairnsdale & District Kennel Club	29 August – 1 September 2019	RADES
Friends of the Mitta Give Back to the Mitta *	28 September 2019	RADES
Australian Tarmac Championship - Snowy River Sprint	21 – 22 September 2019	RADES

Tennis Victoria Junior Tournament	22 – 25 September 2019	Sponsorship
Victorian Yard Dog Championship *	27 – 29 September 2019	Sponsorship
Wildfighter Boxing - Round 3	12 October 2019	RADES
Victorian Bream Classic Marlo	12 October 2019	RADES
Barry Sheene Tribute Ride	24 - 25 October 2019	Sponsorship
Field and Game Australia National Championships	1 - 3 November 2019	RADES
Alpine Rally of East Gippsland	29 November – 1 December 2019	RADES
East Gippsland Adventure Challenge	30 November – 1 December 2019	RADES
Victoria State Cup (Karts)*	1 December 2019	RADES
Lakes Entrance Summer Foreshore Festival Carnival	6 December – 31 January 2020	
Lakes Entrance New Year Family Fireworks Festival	31 December 2019	RADES
Lakes Entrance Multicultural Australia Day Family Event *	25 – 26 January 2020	RADES
PGA and ALPG Southern Division One Day Pro Am	27 January 2020	Sponsorship
Victorian Masters Open Squash Tournament *	14 – 16 February 2020	Sponsorship
Paynesville Week of Bowls	17 – 21 February 2020	RADES
Paynesville Classic Boat Rally	28 February – 1 March 2020	RADES
Adventurethon Demolish Multisport Festival	14 - 15 March 2020	Sponsorship
Round 2 Victorian Bream Classics	21 – 22 March 2020	RADES
East Gippsland Vegetable Innovations Day	4 - 8 May 2020	Sponsorship
All other events scheduled between April - June 2020 were cancelled due to COVID-19		

*Indicates a new event Council attracted to the region.

Section three: Our council

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 47,316 (*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 17,422.

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.

Tourism plays a strong role in the East Gippsland economy with 1,608,000 visitors coming to the region from January to December 2019. This is an increase of 7.6% on the previous year.

In response to the bushfire event and considering also the compounding impacts of COVID-19 Council, in conjunction with other agencies, has helped develop the East Gippsland Bushfire Economic Recovery Sub-Plan. This outlines a range of key interventions, programs and catalyst projects to support business growth and stimulate recovery in the medium to longer-term.

Council contributed to local and regional recovery campaigns to help strengthen the recovery message and encourage visitors back to the region. Whilst the "Let's go to the Gippsland Lakes" tourism recovery message was showing positive signs of working, COVID-19 restrictions and subsequent travel bans have meant delaying further campaign activity until restrictions ease.

Council continues to provide individual business outreach services, to help connect those in need of assistance with the relevant agencies, funding programs and business mentoring available. The Community Recovery Committees are established across bushfire impacted regions, Council is providing the necessary support to aid them in developing localised economic recovery action plans.

The estimated reduction in East Gippsland's economic output as a consequence of bushfire and COVID-19 restrictions is between 15 - 23 per cent. As the pathway to regeneration becomes slowly clearer, Council continues to respond and evolve to the needs of East Gippsland's Business Communities to ensure a community-led recovery.

QUICK FACTS:

- \$2.587 billion total estimated gross regional product for East Gippsland for May 2019 up from the previous year's figure of \$2.450 billion.
- 4,403 registered businesses as at June 2019, a decrease of 8 businesses since June 2018.
- The total value of tourism output for East Gippsland is estimated at \$340.3 million.

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.

The Council has responsibility for setting the strategic direction for the municipality, policy development and implementation, identifying service standards and monitoring performance across the organisation. To comply with council election governance requirements, we are only able to use a group profile photo of our councillors through the Annual Report.



Back (left to right): Cr Jackson Roberts, Cr Joe Rettino, Cr Colin Toohey, Cr Ben Buckley (Deputy Mayor), Cr Richard Ellis

Front (left to right): Cr Mark Reeves, Cr Natalie O'Connell, Cr John White (Mayor), Cr Marianne Pelz

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 Australian and Victorian Governments and 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 is represented in state and national arenas.

Advocacy that was driven by the organisation includes:

- A significant campaign around drought support for East Gippsland communities with the drought relief / assistance and support requested to State government through development of 'Looking Ahead' document.
- Funding for a range of transport infrastructure issues affecting East Gippsland and Wellington Shires
- Council lent its voice to ongoing efforts across Local Government to secure Victorian Government assistance with the costs being incurred and absorbed by local Councils as a result of the COVID-19 pandemic.
- East Gippsland was promoted nationally as a region of opportunity by contributing to an article through the Australian Local Government Jobs Directory segment, Sharing Stories.

Letters under seal of Council

Council did not present any letters under seal of Council in 2019-20.

Awards and recognition

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

Australia Day awards

Council recognised the major contribution of individuals to the community through the Australia Day awards presented on 23 January 2020. The recipients of the awards were:

Citizen of the Year Award – Mr Blake Hollonds

Mr Hollonds has been deeply involved in his community throughout his life. As a member of the National Party, he attended local meetings and state conferences with other community members. His association with the farming and livestock industry was instrumental in fundraising efforts for Legacy.

Mr Hollonds is a foundation member of Legacy's East Gippsland Group established in 1949; he also served as President in 1960. In 2011, Mr Hollonds compiled the history of the East Gippsland Group of Legacy covering over 60 years.

He still has six Legacy widows under his care and is in regular contact with them and takes great care of them and their needs. At over 95 years of age, Mr Hollonds still farms on his property, which has been in the family for four generations.



Young Citizen of the Year Award - Ms Annie Rogers

Annie's achievements are numerous and outstanding. Annie has competed in state and national taekwondo competitions across Australia. In 2019, she took the gold medal in her division at the Arnold Schwarzenegger Classic in Melbourne. Annie is a Third Level Black Belt.

Whilst studying VCE Annie gave up many lunchtimes helping mentor our younger players attending junior and intermediate band rehearsals sitting alongside them helping them play their parts. Due to her experience Annie has also taken lessons teaching junior players. Her enthusiasm is infectious, and it is evident she has a real love for music.

In 2019 Annie was a Bairnsdale Secondary College School Captain and Dux of the school.



Community Event of the Year Award – Joint Winners

100th Orbost Uniting Church Annual Flower Show

Last year, the Orbost Uniting Church celebrated the centenary of its annual flower show, which began in 1919. The Annual Flower Show is a highlight of Orbost's events calendar and allows residents to display their artistic flair by making the floral displays and growing amazing flowers.

In 2019, the show received approximately 200 adult entries and over 400 children entries. This demonstrates the level of support that the event receives from the local community. The show enables the local school students to perform in front of an audience to gain confidence, and it also gave the secondary school's hospitality students industry experience as they waited tables at afternoon tea and lunches.

The Flower Show generated a lot of publicity for the town, particularly as ABC television presenter Heather Ewart opened the show. As part of the celebrations to mark the centenary milestone, almost 90 people attended a tea.



Paynesville Music Festival

The 2019 Paynesville Music Festival was held in February on the town's foreshore. This free event benefitted the community by improving social connectedness, fostering community spirit and showcasing the beauty of the Gippsland Lakes and East Gippsland.

The music festival attracted around 3,000 people over the weekend, which gave an economic boost to local businesses. It gave local musicians and bands the opportunity to perform in a festival/concert atmosphere, including a number of school bands, community bands and the local theatre group.

Paynesville Business and Tourism Association worked together with other community groups such as the Lions Club, the Sea Scouts and Rotary, as well as local school bands, to involve the whole community and put on an outstanding event that everyone enjoyed.



Citizenship

Council welcomed 40 residents as new Australian Citizens. Three citizenship ceremonies were hosted by Council in 2019-20.

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 2019-20:

Date	Civic event
2019	
3 December	Official opening of the Bosworth Road Recreational Area
2020	
23 January	Australia Day Awards ceremony



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 2020



Chief Executive Officer
Anthony Basford



**General Manager
Assets and
Environment**

Fiona Weigall

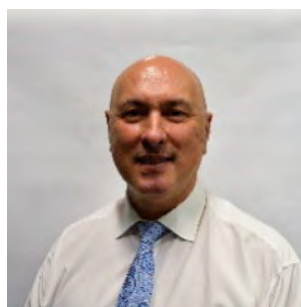
Assets and Projects
Community Facilities
and Open Space
Sustainability and
Waste Minimisation
Works



**General Manager
Bushfire Recovery**

Stuart McConnell

Built Environment
Recovery
Community Recovery
Economic Recovery
Recovery Planning and
Support



**General Manager
Business Excellence**

Peter Cannizzaro

Customer Experience
and Communications
Finance
Governance
Information Services
People, Performance
and Culture



**General Manager
Place and
Community**

Jodie Pitkin

Community
Engagement
Council Enterprises
Planning
Regulatory and
Compliance Services

As at 30 June 2020, Senior Officers as designated under the *Local Government Act 1989* were Anthony Basford, Fiona Weigall, Stuart McConnell, Peter Cannizzaro, Jodie Pitkin, and Liz Collins, Manager Finance.

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 2020* 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 as at 30 June 2020 were 289.75, including casuals.

Year	Total staff	FTE staff
2019-20	536*	289.75
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

*2019-20 saw an increase in total staff as we recruited staff into bushfire recovery roles. These roles were externally funded.

Total staff numbers by salary band and gender

Employment classification	Total staff	Female Total Staff	Male Total Staff
Band 1	23	12	11
Band 2	32	16	16
Band 3	203	95	108
Band 4	101	77	24
Band 5	54	42	12
Band 6	53	31	22
Band 7	43	23	20
Band 8	4	2	2
Senior Executive Officer / Senior Officer	22	11	12
Total	536	309	227

Job level by gender

Job level	Total staff	Female	Male
CEO	1	0	1
General Manager	4	2	2
Manager	16	8	8
Coordinator	28	18	10
All other staff	487	281	206
Total	536	309	227

Staff numbers by directorate

Staff numbers for each directorate as at 30 June 2020 are:

Work type/ gender	CEO team	Assets and Environment	Bushfire Recovery	Business Excellence	Place and Community	Total
Full time – Female	1	13	12	37	32	95
Full time – Male	1	86	4	10	21	122
Part time – Female	1	13	10	34	36	94
Part time – Male	0	30	0	1	15	46
Casual – Female	0	2	8	7	103	120
Casual – Male	0	9	2	3	45	59
Total	3	153	26	92	252	536

Length of service profile

Length of service	Total Number of staff	Male	Female	Casual	Permanent
Less than 1 year	76	28	48	40	37
1 to 5 years	217	95	122	101	115
6 to 10 years	148	72	76	28	120
11 to 20 years	79	26	53	8	71
20+ years	16	4	12	0	16
Total	536	225	311	177	359

People and Culture

Council, through its People, Performance and Culture team, has programs to help staff perform at their best.

2019-20 ACHIEVEMENTS

- Three indigenous trainees graduated during the year, after undertaking their traineeships with Council
- Supported staff during and post Black Summer bushfires by delivering new and specialised training, recovery support and health and wellbeing programs
- Established a new Bushfire Recovery directorate and continue to oversee the recruitment of key roles within this directorate. The focus of this team is to facilitate community-led recovery, built environment recovery, and economic recovery to support our communities on the long road ahead.
- Provided alternative duties to staff who were unable to work due to services closing down during the COVID-19 pandemic – as at 25 March we had 45 staff undertaking alternative duties – this initiative demonstrated that our workforce has greater capability and capacity than we thought, and shows that we have been able to respond and change our way of operating in different ways as required
- Developed a detailed quarterly service performance report for the organisation. The report includes the Local Government Performance Reporting Framework (LGPRF) indicators, service-based activity and Business Unit performance against reporting and personnel Key Performance Indicators (KPIs). This data from these reports are being used to make informed decisions about service delivery

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 'Thumbs 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'.

Staff Health and Wellbeing

It is important for us to ensure that our staff have adequate support and feel engaged, connected, safe and motivated. This was done through:

- providing additional tailored counselling and specialised training for staff post bushfires,
- undertaking pulse check surveys to ensure staff feel safe and connected during COVID-19,
- providing alternative duties to staff who work in areas where services were closed due to the pandemic,
- undertaking welfare check calls to staff,
- offering staff access to wellbeing workshops and a range of helpful information and tools to work effectively either at home or out in the field, and
- weekly Lunchtime Yoga sessions via Skype for staff, run by one of our staff members who is a trained Hatha Yoga Instructor.

The annual East Gippsland Shire Council virtual walking challenge was held for the fifth time in October, where each of the 52 employees who participated logged their daily physical activity, fruit, vegetable intake and water consumed. They walked a total of 10,094 kilometres around our East Gippsland track from the Den of Nargen to Mallacoota (and some back again!).

Learning and Development

Through a number of organisation development and HR programs and supports we have continued to recruit staff, develop staff and keep them motivated and engaged during this challenging year. Following the organisation restructure and the commencement of new General Managers in September 2019, the organisation had very little time to bed down the new structure when the bushfires hit, followed closely by the COVID-19 pandemic. Council delivered specialised training to staff in response to bushfire recovery and staff welfare as required. Sessions included Employee Assistance Program (EAP) management sessions, EAP training sessions for relief centre staff, disaster recovery presentations, and CrisisWorks Training. Extensive work was completed to recruit and induct staff to work in the new Bushfire Directorate, as well as to organise staff from other Councils across Victoria to assist Council during the bushfire crisis.

A new leadership program was developed for our General Managers, Managers and Coordinators. This is a tailored eight session program to run over 18 months, with a focus on resilience, positive culture, customer experience, strategic thinking, coaching, neuroscience of leadership, innovation and design thinking.

Council has offered traineeship programs across a range of services. These traineeships have been offered to Aboriginal students and another opportunity was offered in partnership with the East Gippsland Specialist School. As part of the program the trainees complete a Certificate level course, spending one day a week working with Council and the rest of the week at school. During the year two students graduated from their School Based Traineeships, one in Parks and Gardens Maintenance at the Eagle Point Caravan Park and one in Library Services. There is another trainee currently undertaking a traineeship in Parks and Gardens.

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, which aims to raise the standard of safety as well as provide a tool to measure OHS performance against other scheme members.

During the year, Council reviewed and approved 28 new OHS procedures and supporting documents that form part of our safety management system. A focus for the year was the development of Safe Work Method Statements for all high risk construction activities, designed to identify the hazards associated with high risk works and implement suitable controls to mitigate the risk of workplace accidents.

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

In 2019-20:

- 86 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 2019-20 was 1.68% compared to 2.2% in 2018-19, 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, Bairnsdale and Mallacoota; 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 75 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.

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 (\$649,792 in 2019-20).
- 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.
- Partnered with our Disability Advisory Committee to work towards more diverse, accessible and inclusive communities.
- Constructed new paths under the Access and Mobility Framework.
- Supported people with a disability to provide feedback on Council's strategies and major projects.
- 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.

Emergency Management

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). Planning at a municipal level is undertaken quarterly by this committee to ensure that at times of an emergency event there is planning in place that can be activated. These planning arrangements are detailed in the Municipal Emergency Management Plan (MEMP).

The MEMP addresses the mitigation of, response to and recovery from emergencies within the municipality and is a result of the co-operative efforts of the emergency management planning committee after consultation with those agencies and organisations identified therein.

From November 2019 this plan was enacted to support the response to and recovery from the Black Summer fires.

Staff from across the organisation were deployed to provide relief to communities impacted by fire where it was safe to do so. Due to the scale of the fire Council staff were also brought in from across the state to increase council's capacity ability to support communities across East Gippsland through the Municipal Association of Victoria Resource Sharing Protocol. Council's ability to support communities effectively was limited by access, road closures, unsafe areas to travel through, unpredictable fire activity and the fact that many of Council's staff as community members were impacted themselves.

Council is incredibly grateful to all staff, agencies, and community members who contributed to the monumental effort throughout the Black Summer fires.

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:

- Community NDIS Readiness Project
- Social Inclusion Week celebrations and events
- International Day of People with Disability community events
- Inclusive activities in Children's Week celebrations
- Partnerships to improve access to the built environment
- Facilitate Disability Advisory Committee partnership

Preventing violence against women

Council has undertaken internally focused work to review the drivers of violence against women and identify opportunities to make improvement. As a large workplace Council is well positioned to influence and set expectations regarding what is acceptable across workplace conditions, culture, support structures, commitment and daily practices.

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 staff who experience family violence:

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

Council has also participated at a state level in a community of practice for the Work Place Equality and Respect Standards, and more locally in East Gippsland Partners in Violence Prevention.

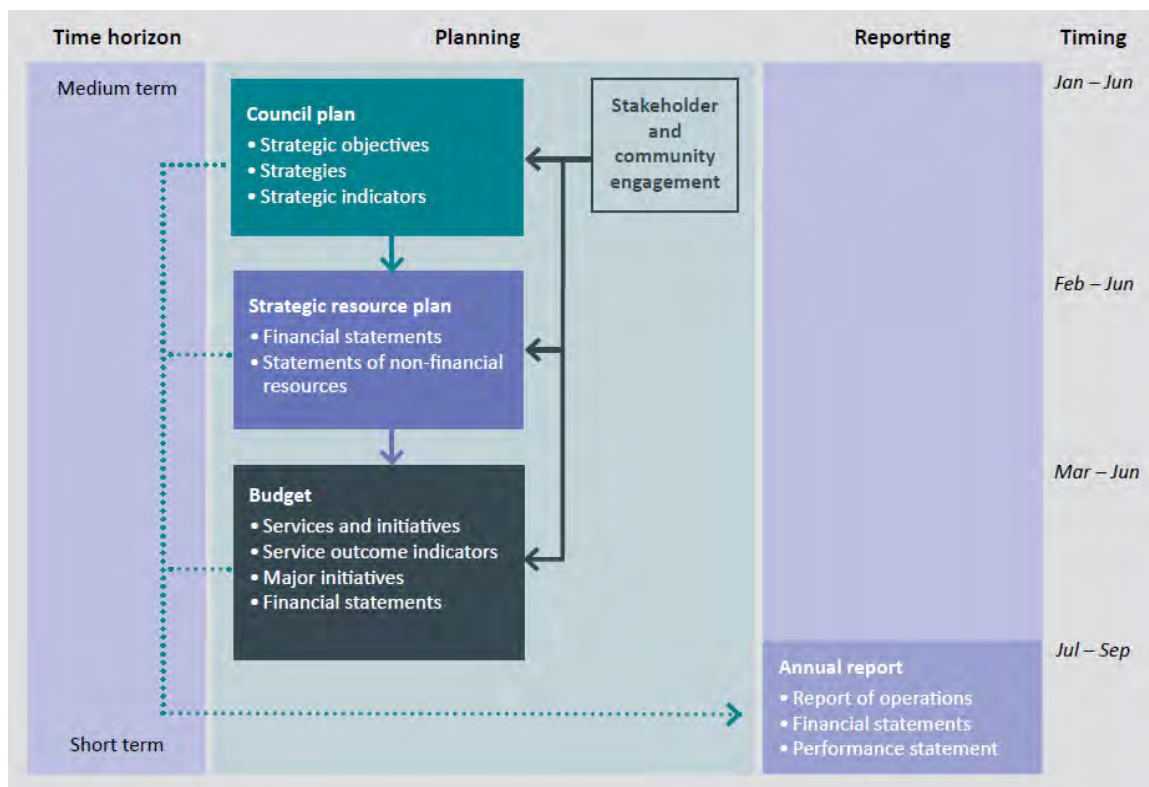
Section five: Our Performance (Council Plan)

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 2019-20 in each of the areas of focus.

Council's performance for the 2019-20 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 2019/20;
- 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.

Bushfire recovery works continued through COVID-19 at Secret Beach, Mallacoota



Strong communities

Council was highly involved in the multi-agency bushfire recovery efforts across East Gippsland



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	2018-19	2019-20	Comments
Increase in library activity from the previous year	394,338	335,379	The significant decline in library activity is due to the cancellation of programs during January as a result of bushfires and COVID-19 also forced closure of the Library centres for nine weeks. Even when the Library and services centres reopened, programs were not able to resume normal services because of number restrictions within buildings.
Number of people participating in library programs	17,139	10,747	The decline is due to the cancellation of programs during January as a result of bushfires and COVID-19 for nine weeks. Even when the Library and services centres reopened, programs were not able to resume normal services because of number restrictions within buildings.
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	174	185	Over the year online engagement for Council projects was reduced due to local emergencies. The Jemmy's Point Lookout project covered the majority of these, with 159 engaged.
Percentage of people who rate Council's performance as 'Very Good' or 'Good' for community consultation and engagement	31%	38%	This percentage includes an increase rating of very good from six per cent to nine per cent. <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 per cent coverage rate. This rate encompasses early childhood immunisation.
Number of Local Incident Management Plans implemented in communities based on their risk level	12	6	Six plans were reviewed in the lead up to the summer period. There were updated for Buchan, Raymond Island, Tambo Crossing, Benambra, Ensay and Bemm River.

PROGRESS AGAINST MAJOR INITIATIVES

MAJOR INITIATIVE	PROGRESS
Major initiative 1 - Continue to implement Place Planning in selected communities across the shire.	Place plans for Twin Rivers, Cann Valley and Errinundra to Snowy are complete. Finalised reports were presented to and adopted by Council at the December Council Meeting. Place planning now forms part of the Bushfire Recovery team as a result of the bushfires and continues with communities recovering from the event. Implementation of the Twin Rivers Community Plan has been delayed, while as part bushfire recovery, planning is underway across ten impacted communities/districts.
Major initiative 2 - Implement actions from within the Municipal Health and Wellbeing Plan "Well Placed for Wellbeing."	Council has continued to deliver actions that align with the priorities within the Municipal Health and Wellbeing Plan, Well Placed for Wellbeing. Council is an active participant in the agency networks established target the delivery of actions identified in the health and wellbeing plan. Officers have also delivered projects, services and supported work to drive change in areas such as prevention of violence against women and risk and protective factors. This work has been impacted by the significant bushfires and community recovery priorities and the COVID-19 pandemic but at the same time increased its importance as communities experience ongoing stress, after three years of drought, significant bushfires and then the pandemic.
Major initiative 3 – Implement the Bairnsdale Sporting Facilities Plan and extend this approach to the communities across the Shire	Significant progress has been made on the implementation of the Bairnsdale Sporting Facilities Plan in 2019-20, primarily with the WORLD Sporting Precinct. This work includes the near completion of full for the precinct, the submission of, and approval for \$5 million in funding through the Building Better Regions Fund. As well as submission of two additional grant applications for this project. Other work relating to the Plan includes completion of the Lucknow Recreation Reserve Netball Courts, and preparation for the upgrade of the Lucknow Recreation Reserve Pavilion. A grant application was also submitted for the Lucknow Gymnastics Pavilion.
Major initiative 4 - Implement the recommendations of the Creative Communities Advisory Board	A major initiative of the former Creative Communities Advisory Board is to develop a Creative Strategy using the Cultural Development Network framework. The draft strategy has been shared with cultural networks across East Gippsland, however has been delayed to ensure a more comprehensive understanding of the sector

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
	2016-17	2017-18	2018-19	2019-20	
Animal Management					
Timeliness Time taken to action animal requests ¹	2.36	2.25	3.42	2.60	A total of 1,335 animal management requests were received during 2019-20. These requests were actioned with an average response time of 2.60 days.
Service standard Animals reclaimed ²	58.10%	56.77%	57.96%	28.10%	The decrease in performance is a result of animals surrendered by the public were not previously being counted in the reported figure, this has been addressed in the 2019-20 reporting period. Council also maintains a proactive program to attempt to reunite registered animals with their owners in the first instance before they are taken to the animal shelter. As the animals never reach the shelter, they are not included in the reported figures.
Service standard Animals rehomed ³	New in 2020	New in 2020	New in 2020	31.86%	This is a new performance measure this year. During 2019-20, Council collected 612 animals of which 295 were rehomed.
Service cost Cost of animal management service ⁴	\$6.56	\$10.09	\$12.48	\$15.11	There was an increase in the cost for animal management with additional employee resources allocated to the management of animals.
Health and safety Animal management prosecutions ⁵	New in 2020	New in 2020	New in 2020	100%	Council had one prosecution during 2019-20 which was successful. Due to COVID-19 restrictions imposed a number of other animal prosecutions were unable to be heard during the reporting period.

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]

³ [Number of animals rehomed / Number of animals collected]

⁴ [Direct cost of the animal management service / Number of registered animals]

⁵ [Number of successful animal management prosecutions / Total number of animal management prosecutions]

Indicator Measure	Results				Comments
	2016-17	2017-18	2018-19	2019-20	
Aquatic Facilities					
Service standard <i>Health inspections of aquatic facilities⁶</i>	0	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.
Utilisation <i>Utilisation of aquatic facilities⁷</i>	8.12	8.45	8.31	5.63	The result is directly impacted by the Black Summer Bushfires and COVID-19 Pandemic as the facilities had to close due to the risks to public safety. Due to the COVID-19 restrictions, the Bairnsdale Aquatic and Recreation Centre and Lakes Aquadome facilities were forced to close from 23 March 2020 through until 22 June 2020.
Service cost <i>Cost of outdoor aquatic facilities⁸</i>	New in 2020	New in 2020	New in 2020	\$7.92	This indicator was previously separated into outdoor and indoor facilities, so there is no comparative data for this year. As the recreation centres closed for the Black Summer Bushfires and COVID-19 it would be expected that this figure will be higher than a standard year.
Food Safety					
Timeliness <i>Time is taken to action food complaints⁹</i>	1.45	2.26	2.29	1.58	Additional staffing within the Environmental Health team resulted in food complaints being actioned in a shorter time period than the previous year.
Service standard <i>Food safety assessments¹⁰</i>	102.62%	100.28%	100.56%	107.37%	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 ownership.

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

⁷ [Number of visits to aquatic facilities / Municipal population]

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

⁹ [Number of days between receipt and first response action for all food complaints / Number of food complaints]

¹⁰ [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
	2016-17	2017-18	2018-19	2019-20	
Service cost <i>Cost of food safety service¹¹</i>	\$548.58	\$567.57	\$686.71	\$768.45	This is the first full year that the Environmental Health Team has been fully resourced with staff. This is reflective in the increase of the cost of service.
Health and safety <i>Critical and major non-compliance outcome notifications¹²</i>	100%	100%	90.48%	85.71%	Seven major non compliance notifications were received in the year, with six of these being actioned within the current year. Due to the timing of the final notification it was followed up in the following reporting period.
Libraries					
Utilisation <i>Physical library collection usage¹³</i>	3.28	3.11	3.31	2.31	The reduction in usage could be attributed to the impact of the Black Summer Bushfires and the COVID-19 pandemic. The impacts of the bushfires forced the closure of services during January and February 2020 due to unsafe conditions. The COVID-19 pandemic then resulted in the five service centre libraries remaining closed from late March for the remainder of the reporting period and the Bairnsdale Library offering limited service to align with Government protocols. A Click and Collect service was established to enable borrowing under the pandemic restrictions.
Resource standard <i>Recently purchased library collection¹⁴</i>	55.77%	58.15%	59.06%	51.97%	The decrease could be attributed to a significant reduction in capacity to undertake the processes required to reduce the portion of older items in the collection and thus impacting on the result as the collection is larger with the new items added. The reduced capacity of the team is attributable to the bushfires and COVID-19 pandemic. During these events staff were redeployed to assist with emergency response, or to other duties as the services and operations of the library were limited in order to align with Government restrictions to safely operate in the COVID-19.

¹¹ [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]

¹² [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

¹³ [Number of physical library collection item loans / Number of physical library collection items]

¹⁴ [Number of library collection items purchased in the last 5 years / Number of library collection items] x100

Indicator Measure	Results				Comments
	2016-17	2017-18	2018-19	2019-20	
Service cost <i>Cost of library service per population¹⁵</i>	\$27.45	\$24.02	\$24.35	\$25.22	The increase in cost could be attributed to the Bairnsdale Library being opened for seven days a week and opened later during the Black Summer Bushfire event to offer people relief. This would increase utility and staff costs during this time. The Bairnsdale Library was impacted by COVID-19 restrictions with having to close as per the Government restrictions. During this time most of the permanent staff continued to work on back-end library operations.
Participation <i>Active library borrowers in the municipality¹⁶</i>	21.35%	20.13%	19.60%	19.01%	It would be reasonable to attribute the decrease to the bushfires that impacted communities across the shire and the COVID-19 pandemic that limited services Council were able to safely offer. A Click and Collect service was established to enable borrowing which had some uptake and the Bairnsdale Library was able to offer limited service under the pandemic restrictions. It is also noteworthy that the impact of the bushfires across the shire were severe, shifting priorities of communities and therefore may have also contributed to less active borrowing over the reporting period.

¹⁵ [Direct cost of the library service / population]

¹⁶ [The sum of the number of active library borrowers in the last three financial years / The sum of the population in the last 3 financial years] x 100

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2019/20.

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.	311 <u>327</u> 16
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 education, regulation and enforcement of the General Local Law and relevant Victorian Government legislation.	809 <u>727</u> (82)
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.	247 <u>382</u> 135
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.	554 <u>736</u> 182
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.	652 <u>649</u> (3)
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.	2,641 <u>919</u> (1,722)

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
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.	(6,490) <u>0</u> 6,490
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.	304 <u>345</u> 41
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.	803 <u>839</u> 36
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.	517 <u>541</u> 24
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.	336 <u>231</u> (105)

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
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.	2,109 <u>1,932</u> (177)
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.	1,082 <u>941</u> (141)

A liveable region



Our waste collections didn't stop and kept our public facilities serviced, such as the Genoa Wayside Stop.

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	2018-19	2019-20	Comment
Target area roadside weed control treated	480 km	250 km	223 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 and upgrade compared to depreciation)	112.51%	136.06%	The infrastructure renewal gap is asset renewal and upgrades 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)	6,548	6,152	In 2019-20 council's internal buildings and operations were responsible for 6,152 tonnes of CO ₂ –e (equivalent) emissions. This is down by 396 tonnes due to a decrease in electricity use due to COVID-19 shutdowns and less vehicle fleet use as many staff worked remotely.
Reduce Council's energy use (GJ)	21,969	26,172	Council saw an increase of 4,203 GJ of energy use in 2019-20 compared to the year before. The increase appears to have resulted from increased gas use from mains natural gas and bottled gas at the Lakes Entrance Aquadome, and a small increase in energy use from streetlights as more were installed.

PROGRESS AGAINST MAJOR INITIATIVES

MAJOR INITIATIVE	PROGRESS
Major initiative 5 - Complete shire-wide road resealing and gravel road resheet programs for high priority works	Council's road reseal program was not reached as a result of 250 local roads being significantly affected by the Black Summer bushfires and flooding early in 2020. Whilst a significant gravel resheet program was still undertaken, the reseal program had to be halted with approximately 60 per cent of the budget expended, as contractors focused on repairing fire damaged roads.
Major initiative 6 - Improve Lakes Entrance town centre infrastructure including streetscapes and seawalls	This is a multi-year project being delivered in partnership with the Victorian Government. This year's significant works to replace and enhance streetscape elements throughout Lakes Entrance have been undertaken. Works commenced in January on replacement of footpath of the north side of the Esplanade with two blocks now complete. Works also commenced in February on seawall replacement stage two. In late 2019 Council also took on management of the public areas of Bullock Island and undertook a range of improvement works including sealing the main road and carpark, installing street litter bins and undertaking significant maintenance and clean up works.
Major initiative 7 - Continually improve the efficiency of access to Raymond Island	A range of works were undertaken during the year including the development of an inventory of critical spare parts to shorten any unplanned outages; review of the service and development of a Service Level Charter that sets the standard for the service during normal operations and planned outages. The ferry was also successfully slipped for planned maintenance in October 2019, with the ferry back in the water within the planned timeframe and the maintenance works carried out under-budget. A recent review of the remaining life of the ferry estimates the Ferry still has 17 years of life left, which attests to its efficient maintenance. This is an ongoing process and will continue into subsequent years.
Major initiative 8 - Transition to one landfill site servicing all of East Gippsland	The Lakes Entrance Landfill continues to operate with the design for the proposed transfer station finalised and tendered. This project is behind the originally scheduled closure date of 2017, however the continued operation of the landfill has allowed Council to maximise the capacity of the site. In preparation for moving away from a landfill operation to a transfer station, Council awarded a contract to cap the existing landfill in two stages; Stage 1 commences in July 2020. Council in conjunction with the Department of Environment, Land, Water and Planning is reviewing potential sites that will cater for a transfer station at Cann River to enable the closure of the current landfilling operations. Council also commenced operation of a fourth landfill to receive bushfire waste - this site is planned for closure in 2020-21.

MAJOR INITIATIVE	PROGRESS
Major initiative 9 - Reduce waste going into landfill, through introduction of e-waste services, education and introducing new approaches to reusing waste	It is estimated that through the kerbside collection contract 56 per cent of waste was diverted from landfill through the recycling of co-mingled materials, cardboard and garden organics. Council has also diverted additional waste through e- waste, batteries and green organics that were delivered to waste facilities by self-haul. COVID-19 saw the generation of considerable additional waste and mi-use of recycling and green waste collection services. However, a concerted campaign of public education and bin auditing saw this situation rectified.
Major initiative 10 - Implement the Renewable Energy Feasibility Study priority projects for East Gippsland	The Renewable Energy Feasibility Study priority projects were implemented through a Solar Bulk Buy project, Multi-site Feasibility Study, and Energy Information Hub. During the year Council also committed to participate with over 40 other Victorian councils in the collective procurement of energy from renewable sources. This procurement will take effect in 2020-21.

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
	2016-17	2017-18	2018-19	2019-20	
Roads					
Satisfaction of use Sealed local road requests ¹⁷	19.45	18.49	18.71	24.74	The slight increase in number of requests may be due to the impact the Black Summer Bushfire had on the local roads and a desire to have roads sealed and made 'safer'.
Condition Sealed local roads below the intervention level ¹⁸	94.83%	96.59%	96.79%	97.31%	Council has recently performed condition assessment of its sealed road network and the data presented here is based on the recent condition score. The rating system has changed from 1 to 10 to 1 to 5, 1 being best and 5 worst as such we have determined that any asset that is in condition 4 and 5 are beyond intervention level.

¹⁷ [Number of sealed local road requests / Kilometres of sealed local roads] x100

¹⁸ [Number of kilometres of sealed local roads below the intervention renewal level set by Council / Kilometres of sealed local roads] x100

Indicator measure	Results				Comments
	2016-17	2017-18	2018-19	2019-20	
Service cost <i>Cost of sealed local road reconstruction¹⁹</i>	\$29.78	\$26.90	\$58.85	\$62.86	The impact of the Black Summer Bushfires and COVID-19 pandemic restricted sealed road reconstruction to only critical works required in the preparation for resealing as our contractors were redeployed to fire recovery work. These works are smaller in size and attract a relatively higher rate when compared to larger reconstruction projects. Given no larger reconstruction projects were able to be completed in the period, the cost per metre squared is higher.
Service cost <i>Cost of sealed local road resealing²⁰</i>	\$8.50	\$5.00	\$5.01	\$5.42	Council continues to drive value for money through an established schedule of rates contract for road resealing. Negative price adjustments related to downward pressure on fuel and labour also contributed to lower overall costs.
Satisfaction <i>Satisfaction with sealed local roads²¹</i>	46	50	49	55	Council has continued to invest significantly in sealed road resealing, reconstruction and the improvement of urban streets, while also striving to maximise external State and Australian Government grants for road projects. The strategy is targeted to ensure that sealed road network condition is not only maintained but reflects incremental improvements for the benefit of the community.
Statutory Planning					
Timeliness <i>Time taken to decide planning applications²²</i>	49	43	38	41	The increase can be attributed to the increase in the number of planning applications received, an increase number of enquiries received, planning staff involved in responding to Black Summer bushfires by participating in relief efforts and there was an increase

¹⁹ [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]

²⁰ [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]

²¹ [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]

²² [The median number of days between receipt of a planning application and a decision on the application]

Indicator measure	Results				Comments
	2016-17	2017-18	2018-19	2019-20	
					need to respond to new planning requirements relating to bushfire effected properties. There has also been the direct impacts to the operational outputs resulting from COVID-19 and planning staff working from home during this period.
Service standard <i>Planning applications decided within 60 days²³</i>	85.44%	81.82%	85.66%	82.44%	The decrease can be attributed to the increase in the number of planning applications received, an increase number of enquiries received, planning staff involved in responding to Black Summer bushfires by participating in relief efforts and there was an increase need to respond to new planning requirements relating to bushfire effected properties. There has also been the direct impacts to the operational outputs resulting from COVID-19 and planning staff working from home during this period.
Service cost <i>Cost of statutory planning service²⁴</i>	\$1,971.56	\$2,010.71	\$2,278.66	\$1,728.65	There was an increase of 32 per cent in the number of planning applications received and this reduced the cost per application for the 2019-20 year.
Decision making <i>Council planning decisions upheld at VCAT²⁵</i>	50%	66.67%	25.00%	100%	Three of Council's planning decisions were appealed to VCAT, with all three being upheld and none were set aside (overturned).
Waste Collection					
Satisfaction <i>Kerbside bin collection requests²⁶</i>	16.81	19.79	32.96	42.23	This indicator represents the number of requests from the community to replace stolen or damaged bins, change services or have bins repaired. Council received a higher number of requests

²³ [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100

²⁴ [Direct cost of statutory planning service / Number of planning applications received]

²⁵ [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

²⁶ [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000

Indicator measure	Results				Comments
	2016-17	2017-18	2018-19	2019-20	
					for the replacement of damaged bins in 2019-20, due to bushfires damaging properties and bins.
Service standard <i>Kerbside collection bins missed²⁷</i>	2.35	1.66	1.63	1.85	Over 1,200,000 bin lifts were performed as part the waste collection service, with only 229 bins reported as being missed during 2019-20. There was an increase in missed bins between January and June, which is attributed to restricted access to services in bushfire effected areas, where contractors could not reach isolated communities due to road closures over the Black Summer Bushfire period.
Service cost <i>Cost of kerbside garbage collection service²⁸</i>	\$79.13	\$53.89	\$73.32	\$64.83	The reduction is a result of the reassessment of the allocation of costs between kerbside garbage and recyclables.
<i>Cost of kerbside recyclables collection service²⁹</i>	\$39.76	\$47.11	\$48.88	\$71.58	Increase as a result of additional cost for the processing and transport of recyclables and reassessment of costs between kerbside and recyclables.
Waste Diversion <i>Kerbside collection waste diverted from landfill³⁰</i>	53.01%	50.81%	51.45%	52.48%	There was an increase in green organics collected from January to June, which aligns with the period when residents were firstly removing green waste around their properties due to the bushfire threat, and then people were home more with COVID-19 restrictions increasing their time to maintain their properties and remove green organics.

²⁷ [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000

²⁸ [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]

²⁹ [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]

³⁰ [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 2019/20:

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.	13,940 <u>10,870</u> (3,070)
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.	165 <u>361</u> 196
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.	143 <u>233</u> 90
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.	398 <u>371</u> (27)
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.	301 <u>379</u> 78
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.	3,585 <u>3,877</u> 292
Project Management	This service undertakes project planning, design and delivery of various works within Council's Capital Works Program.	1,314 <u>634</u> (680)

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.	163 <u>243</u> 80
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.	606 <u>1,392</u> 786
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.	(1,880) <u>6,636</u> 8,516
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.	3,053 <u>1,892</u> (1,161)

**A growing regional
area with opportunities**

*Owning Our Future gala industry dinner
with Jillian Kilby as the keynote speaker.*



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	2018-19	2019-20	Comments
Increase in the number of registered businesses in the region	4,403	No data available	The breakdown of registered businesses based in East Gippsland include: 84 businesses that hire 20 or more people, 288 new businesses were established in 2018-19 and the most number of businesses in an industry is Agriculture, Forestry and Fishing (1,075). <i>(Data source: ABS Regional Data – East Gippsland)</i>
Growth of Gross Regional Product	\$2.450 billion	\$2.587 billion	The total estimated gross regional product for East Gippsland is \$2.587 billion, which is up \$0.137 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	6.8%	4.6%	The East Gippsland unemployment rate is 4.6 per cent at the end of the March 2020, which is 0.7 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). (2020).</i>
Increase in the percentage of exiting Year 12 students continuing to higher education	50.1%	42.0%	For East Gippsland school leavers 19.3 per cent of students were undertaking a Bachelor degree, 10.2 per cent were undertaking a Certificate/Diploma level course and 12.5 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 Apprenticeship/Traineeship percentage for East Gippsland is above the state average. <i>(Data Source: On Track 2019 Survey. East Gippsland (S). Conducted by State of Victoria (Department of Education and Training)).</i>

Strategic Indicator	2018-19	2019-20	Comments
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)	269	82	There were numerous events cancelled in 2019-20 due to the Black Summer Bushfires and the COVID-19 Pandemic.
Increase total visitors to the region	1.494 million	1.608 million	There was a 7 per cent increase in total visitors to the region. Note these figures are as at 31 December, so the 2019-20 result does not include the impact of the Black Summer Bushfires or COVID-19. These figures are derived from sample data and are not exact values. <i>(Data source – Tourism Research Australia).</i>
Increase in international visitors to the region	49,000	46,000	The number of international visitors decreased from last year by an estimated 3,000 people. Note these figures are as at 31 December, so the 2019-20 result does not include the impact of the Black Summer Bushfires or COVID-19. These figures are derived from sample data and are not exact values. <i>(Data source – Tourism Research Australia).</i>
Increase the length of stay for international and domestic visitors in the region	2.847 million	2.891 million	The length of stay in the region has continued to steadily increase over time. Note these figures are as at 31 December, so the 2019-20 result does not include the impact of the Black Summer Bushfires or COVID-19. These figures are derived from sample data and are not exact values. <i>(Data source – Tourism Research Australia).</i>

PROGRESS AGAINST MAJOR INITIATIVES

MAJOR INITIATIVE	PROGRESS
Major initiative 11 – Implement the Economic Development Strategy	The development of the new Economy Development and Tourism Strategy 2019-2022 is at draft stage. The strategy is on hold due to the recovery work following the Black Summer bushfire and COVID-19 pandemic.

MAJOR INITIATIVE	PROGRESS
Major initiative 12 - Continue to progress towards the outcomes identified within Ageing Well in East Gippsland: Age Friendly Communities Strategy 2017-30	Significant amount of work has continued in the priority areas identified in the Ageing Well in East Gippsland strategy. The Age Friendly Ambassador program has been a key initiative to build capacity to consult and influence issues that matter most to the East Gippsland aging population. Transport, information seminars, and mentoring have been a few of key initiatives in the Seniors Festival 2020. A proposal to have state-wide seniors festival meeting in Bairnsdale or Lakes Entrance to support local economy post bushfires has been put forward. Information sharing and supporting service access in a pandemic environment has been a priority, understanding the likelihood of increases in Elder Abuse and isolation as key issues that may be impacting our older community members.
Major initiative 13 - Deliver cycling infrastructure, including the first stage of the Omeo Mountain Bike Destination Project	The Omeo Mountain Bike Trail Business Case and Masterplan were presented to and noted by Council. Planning for construction phase is currently underway. A marketing plan and development of marketing resources is in progress.

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2019/20:

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.	62 <u>93</u> 31
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.	696 <u>1,518</u> 822

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.	307 <u>361</u> 54
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.	495 <u>524</u> 29

Good governance

CEO Anthony Basford presenting the direction he wants to take the organisation



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	2018-19	2019-20	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	\$8.546 million	\$16.416 million	Council received funding to address critical regional infrastructure upgrades for the Roads to Recovery Program (\$5.195 million), Lakes Entrance Seawalls (\$325,000) and Timbarra Bridge Replacement (\$350,000). Drought support funding of \$1.510 million and funding to assistance the community to recover from the 2019-20 bushfires of (\$9.036 million) for Resourcing, immediate financial assistance and other support to 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
	2016-17	2017-18	2018-19	2019-20	
Governance					
Transparency	26.85%	19.46%	2.67%	3.57%	Council makes few decisions at meetings closed to the public. Only six decisions were made in closed meetings due to strict confidentiality reasons.
Council resolutions at meetings closed to the public ³¹					

³¹ [Number of council resolutions made at ordinary or special meetings of council, or at meetings of a special committee consisting only of councillors, closed to the public / Number of council resolutions made at ordinary or special meetings of council or at meetings of a special committee consisting only of councillors] x100

Consultation and engagement <i>Satisfaction with community consultation and engagement³²</i>	47	52	48	54	Council has undertaken community planning through in-depth engagement to develop the place-based community plans, which involved extensive engagement with the communities. During and following the Black Summer Bushfires, Council recognised the need to change the way the organisation engaged at a community level and enacted a bushfire recovery structure that placed staff in the community to assist with the specific place-based issues. The use of social media expanded Council's reach into the community and provided real time updates on critical information during and following the bushfires.
Attendance <i>Council attendance at Council meetings³³</i>	94.44%	96.53%	90.97%	92.59%	Councillor attendance at Council meetings remains high. Councillors have attended Council meetings electronically since the COVID-19 State of Emergency restrictions.
Service cost <i>Cost of governance³⁴</i>	\$50,058.44	\$52,986.14	\$53,182.56	\$58,190.67	The Minister for Local Government gazetted a temporary 50 per cent increase for a three month period for the Mayoral and Councillor allowances in recognition of the additional work required following the 2019-20 bushfire events in East Gippsland.
Satisfaction <i>Satisfaction with council decisions³⁵</i>	50	51	46	54	The use of social media expanded Council's reach into the community and provided real time updates on critical information during and following the bushfires. This included the distribution of regular newsletters through printing hard copies and using online channels.

³² [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]

³³ [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

³⁴ [Direct cost of the governance service / Number of councillors elected at the last council general election]

³⁵ [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2019-20:

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.	1,300 <u>1,962</u> 662
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.	(15,807) <u>(8,221)</u> 7,586
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.	2,269 <u>3,020</u> 751
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.	657 <u>663</u> 6

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	2018-19	2019-20	Comments
Increase in digital transactions for payments	102,070	140,483	The increase of 38,413 in digital payments could be contributed to the closure of service centres during the COVID-19 pandemic. This would increase the need for online digital 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 14 - Finalise the Business Systems Transformation	The Business Systems Transformation has delivered the following project outcomes; • New Corporate Intranet to facilitate improved collaboration and communication across the organisation has been completed. • Commencement of the new council corporate website which is scheduled to go live January 2020. The new website will offer improved connectivity and accessibility of information for the local community and enable Council to digitise key processes to support and enhance service delivery. • New Council agenda Management solution is scheduled to go live September 2020 to help streamline Council Meeting information, minutes and action items to ensure Council can maintain and improve good governance practices, transparency and responsiveness. • Design work is in progress to ensure the upgrade and replacement of council's Electronic Document and Records Management Solution and Customer Request Management System as part of the collaboration and Shared Services Initiative with Wellington Shire Council.

MAJOR INITIATIVE	PROGRESS
Major initiative 15 - Undertake Service Planning to establish service levels and community expectations	Service Planning and reviews were due to commence in February 2020 but have been placed on hold due to the Black Summer bushfires, COVID-19 and additional conflicting priorities. This action is likely to be rescheduled for 2020-21.
Major initiative 16 - Implement the Customer Service Strategy	The Customer Experience Strategy draft was delayed as a result of impacts of Black Summer bushfires and COVID-19. Further development of the draft strategy is underway and expected to be completed in September 2020, with implementation of supporting actions through the 2020-21 year.

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2019/20:

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.	(274) <u>(1,853)</u> (1,579)
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.	2,177 <u>2,010</u> (167)
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.	1,048 <u>1,470</u> 422
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.	3,331 <u>3,891</u> 560

Business area	Description of services provided	Net Cost
		Actual
		<u>Budget</u>
		Variance
		\$'000
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.	295 <u>398</u> 103
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.	263 <u>250</u> (13)
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.	1,159 <u>1,332</u> 173

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 *Local Government Act 2020* commenced on 6 April and is being phased in. This means the both Acts are governing Council's operation during the transition phase.

The Acts set 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 systems and processes to ensure they comply with the Acts and follow good governance practices.

Representing the interests of the community

East Gippsland Shire Council is committed to working with its communities, partners and other levels of government to deliver the best outcomes for all East Gippslanders. The elected Council is responsible for providing leadership for the good governance of the Shire by setting priorities, 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 considers the views of residents and ratepayers when making decisions. This happens in many ways, such as formal public question time and oral submissions at Council meetings, visits to communities throughout the Shire, and Council's 'Your Say' engagement website and community consultation.

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* and *Local Government Act 2020*. Council meeting agendas and minutes are available on the website, at Customer Service Centres 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 meetings are open to the public and are livestreamed. Meetings are generally held on Tuesdays each month in accordance with the schedule available on the website. Council agrees the schedule of meetings for twelve months. Community members are welcome to attend and observe from the gallery.

Council has met electronically during the COVID-19 State of Emergency. The Victorian Government passed amendments to the *Local Government Act 2020* to enable Council meetings to be conducted electronically between 1 May 2020 and 1 November 2020. Though meetings are closed to public attendance in the Council Chambers, meetings have been livestreamed.

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 2019-20:

- 12 Ordinary Council Meetings
- 3 Special Council Meetings
- 6 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 in the minutes. 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 2019-20 financial year.

Councillor	Ordinary Council Meeting	Special Council Meeting
Cr Ben Buckley	10	3
Cr Richard Ellis	12	3
Cr Natalie O'Connell ¹	11	3
Cr Marianne Pelz	12	3
Cr Mark Reeves	11	3
Cr Joe Rettino ²	10	3
Cr Jackson Roberts	10	2
Cr Colin Toohey	12	3
Cr John White	11	3

¹Cr O'Connell was on leave from 1 - 31 March 2020

²Cr Rettino was on leave from 29 August – 16 September 2019

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.

The maximum annual allowance from 1 July to 30 November 2019 for a Councillor in a category two council was \$25,730 per annum and for a Mayor it was \$79,612 per annum.

The Minister for Local Government approved an annual adjustment of 2.0 per cent to take effect from 1 December 2019. From that date, the maximum annual allowances for the Councillor allowance is \$26,245 per annum and the maximum Mayoral allowance is \$81,204 per annum. An amount equivalent to the 9.5 per cent superannuation guarantee is payable in addition to the allowances. The Minister for Local Government gazetted a temporary 90 day increase for the Mayoral and Councillor allowances following the 2019-20 bushfires. The Mayoral allowance was increased to \$162,408 per annum and the Councillor allowance was increased to \$39,368 per annum. The temporary increase was for the period 8 January 2020 to 6 April 2020. The allowances for the Mayor and Councillors reverted to the 1 December 2019 allowance amounts on 7 April 2020.

Councillor	Allowance \$
Cr Ben Buckley	31,956
Cr Richard Ellis	31,956
Cr Natalie O'Connell	52,324 ¹
Cr Marianne Pelz	31,956
Cr Mark Reeves	31,956
Cr Joe Rettino	31,956
Cr Jackson Roberts	31,956
Cr Colin Toohey	31,956
Cr John White	89,473 ¹
Total	365,489

¹ –Cr O'Connell was Mayor for part of the reporting year, succeeded by Cr White

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's Audit and Risk Committee reviews the details of Councillors expenses and reimbursements each six months as outlined in the Audit and Risk Committee Charter.

Councillor	Remote travel \$	Conferences/ Training \$	Office expenses \$	Delegate Costs \$	Other Council representation \$	Vehicle \$	Total \$
Cr Ben Buckley	1,280	0	1,946	0	280	13,998	17,504
Cr Richard Ellis		792	2,128	3,445	514	13,998	20,877
Cr Natalie O'Connell			861	1,161	388	13,998	16,408
Cr Marianne Pelz	200	2,691	1,074	2,798	191	13,998	20,952
Cr Mark Reeves			900	466		13,998	15,364
Cr Joe Rettino		245	811		321	13,998	15,375
Cr Jackson Roberts			713		41	13,998	14,752
Cr Colin Toohey			836	163	423	13,998	15,420
Cr John White		1,773	1,749	3,149	901	13,998	21,570
Total	1,480	5,501	11,018	11,182	3,059	125,982	158,222

Office Expenses include Telephone and Stationery

Conferences/Training, Delegate and Other Council representation costs includes related accommodation and travel expenses

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 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 arises when a personal or private interest of a Councillor or officer in a matter 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 actual or 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	6	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.
East Gippsland Drought Reference Group	2	2	11	To provide strategic advice and guidance in respect to necessary advocacy and action required to support drought impacted communities in the East Gippsland Shire.

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 an Advisory Committee to Council. 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 comprises of seven members: four independent external members—one of whom will be Chair—the Mayor of the day and two other Councillors appointed by Council. The Chair is appointed each February.

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. An independent external member may only be appointed for a maximum of three three-year terms or nine years in total. Terms of appointment are arranged to ensure an orderly rotation and continuity of membership and experience.

In 2019-20 the Audit and Risk Committee members were:

Audit and Risk Committee Chair

- Michael McStephen – June 2019 – February 2020
- Jason Hellyer – February 2020 – June 2020

Councillors

- Cr Natalie O'Connell, Mayor, June 2019 – October 2019
- Cr John White, Mayor, October 2019 – June 2020
- Cr Joe Rettino – June 2019 – June 2020
- Cr Mark Reeves – February 2020 – June 2020

Committee Members

- Dr Christopher Shields – June 2019 – November 2019
- Cathy Healy – June 2019 – June 2020
- Christopher Badger – April 2020 – June 2020

The Audit and Risk Committee meets four times a year. Following each meeting, a report is presented to Council outlining all issues considered together with any recommendations for Council's consideration. An additional special meeting is held jointly with Councillors each year to consider the audited financial statements.

Internal audit

Internal auditing is independent and objective. The internal audit process assists 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 2019-20, the internal auditor reviewed the following systems and procedures:

- Leases and licences
- Human resources
- Plant and equipment
- Fraud management

External audit

Council is externally audited by the Victorian Auditor-General. For the 2019-20 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.

The Operational Risk Register will continue to undergo review and development with a focus on current and emerging risks across Council's various operations.

Insurances

Municipal Association of Victoria (MAV) Liability Mutual Insurance

Council's major insurer offers protection from public liability claims, and manages the legal process. They also offer annual risk services and shared learning forums as part of the continual improvement model supported by our insurers.

Jardine Municipal Asset Protection Plan

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

Insurance Claims Management

Major claims are managed by MAV Insurance, while identifying the root cause of incidents and implementing preventative strategies are monitored by the Risk business unit. These findings 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 August 2020	✓
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 August 2020	✓
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: An Asset Management Framework including a policy, procedure and an overall Asset Management Plan will be a focus to develop in 2020-21. A Roads Asset Management Plan will be delivered with this framework.	X
6 Rating strategy (strategy setting out the rating structure of council to levy rates and charges)	Strategy Date of operation of current strategy: 2 June 2020	✓
7 Risk policy	Policy Date of operation of current policy:	✓

Governance and Management Items	Assessment	
(policy outlining council's commitment and approach to minimising the risks to council's operations)	6 August 2019	
8 Fraud policy (policy outlining council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 5 May 2020	✓
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: 23 June 2020	✓
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: 26 March 2020	✓
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: 16 March 2020	✓
13 Risk management framework (framework outlining council's approach to managing risks to the council's operations)	Framework Date of operation of current framework: 11 May 2020	✓
14 Audit and Risk Committee (advisory committee of council under section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with section 139 of the <i>Local Government Act 1989</i> . Date of establishment: 13 November 1995	✓

Governance and Management Items	Assessment	
15 Internal audit (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Engaged Date of engagement of current provider: 1 July 2018	✓
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 not provided. Council published an Annual Report, which was adopted by Council in October 2019. Over 2019-20 quarterly reports were developed to promote the performance of Council against the Council Plan, except for a quarter two report due to the bushfires occurring during the reporting period.	X
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: 10 September 2019; 12 November 2019; 4 February 2020; and 5 May 2020.	✓
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: 23 July 2019, 22 October 2019, 25 February 2020 and 28 April 2020	✓
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. 28 April 2020.	✓

Governance and Management Items	Assessment	
21 Annual Report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Considered at a meeting of council in accordance with section 134 of the <i>Local Government Act 1989</i> Date statements presented: 22 October 2019	✓
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: CEO to members of staff – 2 June 2020 Council to Chief Executive Officer – 12 June 2018	✓
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: 8 October 2019	✓

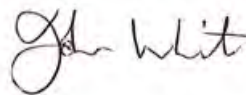
I certify that this information presents fairly the status of council's governance and management arrangements.



Anthony Basford

Chief Executive Officer

Dated: 23 September 2020



Cr John White

Mayor

Dated: 24 September 2020

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; and
- 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 18 applications during the reporting year 2019-20.

	2019-20	2018-19	2017-18	2016-17	2015-16
New applications / requests	18	26	15	16	15 ¹
Access granted in full	6	12	4	1	3
Access granted in part	6	10	8	9	7
No documents existed in the requested form/ Act does not comply	1	1	0	0	2
Access denied	1	0	1	3	0
Withdrawn	2	0	3	1	0
Requests outstanding at end of financial year	2	3	1	2	2
Reviews by Freedom of Information Commissioner	2	0	1	2	0
Appeals lodged with VCAT	0	0	0	0	0
Fees collected	\$473.60	\$722.50	\$369.20	\$418.50	\$408.00
Fees waived	\$59.20	\$22.90	\$28.40	0	0
Charges collected	\$88.00	\$75.00	\$265.30	\$271.90	\$102.00

¹ Documents were provided outside the Act for several requests

Protected disclosures

Council has a policy for handling disclosures made under the *Public Interest Disclosure Act 2012*, as required by the Act. The Public Interest Disclosure Policy was updated March 2020 to reflect changes made to 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 2020.

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.

Competition and Consumer Law Program

Council has complied with the requirements of the National Competition Policy for the period 1 July 2019 to 30 June 2020 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*:

- Goldsmith Civil and Environmental Ltd for the proposed civil works associated with the operation of Orbost landfill site to receive bushfire waste as part of the State Government's bushfire clean-up program.
- Approval to enter into an agreement with Regional Roads Victoria to access their panel of contractors for road fire recovery works.

Council also exceeded the \$150,000 threshold without engaging in a competitive process in accordance with section 186(5)(a) of the *Local Government Act 1989* for the following service:

- Jarvis Norwood Constructions Pty Ltd for works undertaken to repair Davies Creek Bridge, Mallacoota due to an emergency, for the total amount of \$266,405.90 excluding GST.

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.

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:

- Implemented a trial of a Dogs in Public Places order, which creates areas within the municipality where dogs can be off leash;
- Created designated off leash dog parks in Bairnsdale and Lakes Entrance;
- Continued to review and update information signage in high traffic areas, particularly those impacted by the Dogs in Public Places order;
- Increased promotion of domestic animal welfare issues during the summer bushfires.

Year	Animal impoundments	Reclaimed	Adopted	Euthanised	Transferred to Animal Aid Coldstream ¹
2019-20	612	172	295	68	55
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

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

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

Food Act Ministerial Directions

Under section 7E of the *Food Act 1984*, Council is required to publish a summary of any Ministerial Directions received during the financial year in its annual report. No such Ministerial Directions were received by Council during the financial year.

Road Management Act Ministerial Directions

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

Infrastructure and development contributions

Under section 46GM and 46QD of the *Planning and Environment Act 1987*, a council that is a collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind, and publish this report in its Annual Report.

For the 2019-20 year the following information about infrastructure and development contributions is disclosed.

Project name and year approved	Levies received in 2019-20(\$)
Lakes Entrance Northern Growth Area – approved 2012	\$1,150
Total	\$1,150

Council did not collect any Community Infrastructure Levies or payments in lieu of parking during the financial 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 \$
Bairnsdale Field Archers Inc.	5,000
Bairnsdale and District Kennel Club Inc.	5,000
Bairnsdale and District Model Aero Club	3,000
Bairnsdale Bridge Club Inc	1,000
Bairnsdale Citizens Band	500
Bairnsdale Computer Club	2,100
Bairnsdale Mens Shed	1,942
Bairnsdale Senior Citizens	500
Benambra Neighbourhood House	500
Cann River Community Centre	1,500
Centre for Rural Communities Inc	1,500
Centre for Rural Communities	2,000
Centre for Rural Communities Inc	6,000
East Gippsland Art Gallery	8,827
Ensay Angling Club	1,500
Ensay Recreation Reserve	5,000
F. INC	2,800
F.Inc East Gippsland Incorporated	500
Fernbank Public Hall Reserve	1,400
Flaggy Creek Hall Committee of Management Inc	4,225
Gippsland & East Gippsland Aboriginal Co	455
Gippsland Climate Change Network Incorporated	2,545
Gippsland East Local Learning & Employment Network	500
Gippsland Lakes Community Health	8,360
Gippsland Lakes Complete Health Limited	3,000
Great Alpine Gallery Inc	2,468
Headspace Bairnsdale	5,000
Heritage Network East Gippsland Inc.	3,000
Johnsonville Public Hall Committee of Management	500
Kelly Marie Asmus-albornoz (photographer)	3,200

Organisation	Amount \$
Lakes Entrance Amateur Dramatic Society Inc	390
Lucknow Football Club	3,000
Lucknow Primary School	500
Mallacoota Boardriders	3,000
Mallacoota Boardriders Club Incorporated	3,500
Nungurner Primary School	500
Omeo & District Agricultural & Pastoral Society Inc	2,838
Omeo Golf Club	500
Orbost & District Chamber of Commerce & Industry	1,450
Orbost Bowls Club	1,072
Orbost Exhibition Centre on the Snowy River Inc.	3,000
Orbost Neighbourhood House Inc	955
Orbost Regional Health	500
Orbost Uniting Church	5,000
Our Community Pty Ltd	2,273
Paynesville Business & Tourism Association Inc	5,000
Paynesville Football Club	500
Quantum Support Services Inc	500
QuasiTrad Music Melbourne	8,000
Rotary Club of Bairnsdale Sunrise Inc	500
Rotary Club of Orbost	2,500
Sapphire Lighting and Audio Productions	591
Sofie Dieu	3,800
The Boite (VIC) Inc	5,000
The Country Women's Association of Victoria, High Country Branch	665
The Country Womens Association Vic Inv	500
Twin Rivers Lions Club Inc	500
U3A Bairnsdale & District Inc.	5,000
Total	145,355

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 \$
Twin Rivers Bream Fishing Classic	2,000
East Gippsland Beef Conference	2,500
Dog Show by Bairnsdale & District Kennel Club	1,000
Friends of the Mitta Give Back to the Mitta	1,000
Snowy River Sprint	2,000
Wildfighter Round 3	2,000
Field and Game Australia National Championships	5,000
East Gippsland Adventure Challenge *	15,000
Alpine Rally of East Gippsland	3,000
Lakes Entrance New Year Family Fireworks Festival	5,000
Lakes Entrance Multicultural Australia Day Family Event	5,000
PGA and ALPG Southern Division One Day Pro Am	2,500
Victorian Masters Open Squash Tournament	2,000
Paynesville Week of Bowls	1,000
Paynesville Classic Boat Rally	3,000
East Gippsland Vegetable Innovations Day	5,000
The Buick Car Club of Australia Nationals 2020 *	1,000
CLB3x3 community event *	5,000
Tour of East Gippsland *	4,000
Wildharvest *	5,000
Total	\$72,000

* Event was postponed.

Committees of Management

Name	Amount \$
A J Freeman Reserve	4,595
Bairnsdale City Oval	21,505
Bemm River Community Recreation Centre	2,665
Bemm River Recreation Reserve	1,531
Benambra Memorial Recreation Reserve	2,869
Benambra Public Hall	1,374
Bendoc Hall & Recreation Reserve	1,686
Bengworden Hall	1,101
Bonang Hall	655
Bruthen Mechanics Hall	2,499
Bruthen Recreation Reserve	5,654
Buchan Mechanics Hall	1,552
Buchan Recreation Reserve	3,612
Bullumwaal Mechanics Institute	938
Cabbage Tree Creek Hall	884
Cann River Community Centre	3,406
Cann River Hall & Recreation Reserve	2,831
Cassilis Recreation Reserve	1,305
Clifton Creek Hall & Recreation Reserve	1,292
Club Terrace Community Reserve	903
Combienbar Hall	770
Eagle Point Community hall	1,636
East Gippsland Rail Trail Committee	557
Ensay Mechanics Institute	1,363
Ensay Recreation Reserve	2,400
Evet Park	2,848
Fernbank Public Hall Reserve	1,043
Flaggy Creek Hall & 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	5,947
Johnsonville Public Hall	1,745
Lake Omeo Reserve	1,287
Lake Tyers Beach Hall & OneOnta	2,185

Name	Amount \$
Lake Tyers Beach Recreation Reserve	1,227
Lakes Entrance Recreation Reserve	13,777
Lakes Entrance Youth & Recreation Centre	11,877
Lindenow Memorial Hall Reserve	2,275
Lindenow South Recreation Reserve	3,576
Lindenow Sports Ground	10,635
Lochiel Park	6,179
Lucknow Hall	3,095
Lucknow Recreation Reserve	8,768
Mallacoota Hall & Recreation Reserve	6,842
Marlo Sports & Tennis Reserve	894
Mossiface Hall	1,090
Newmerella Recreation Reserve	1,308
Nicholson Hall & Tennis Courts	2,013
Noorinbee Public Purposes Reserve	828
Nowa Nowa Public Hall	826
Nowa Nowa Recreation Reserve	1,267
Omeo Recreation Reserve	7,779
Omeo Soldiers Memorial Hall	2,717
Orbost Community Sports Centre	6,963
Orbost Recreation Reserve (Top Oval)	5,688
Picnic Point Hall	2,902
Raymond Island Community Hall	2,947
Sarsfield Recreation Reserve	2,714
Simpsons Park Hall & Reserve	1,453
Swan Reach Recreation Reserve	8,429
Swifts Creek Hall	2,662
Swifts Creek Recreation Reserve	2,886
Tubbut Hall	1,257
Wairewa Hall & Recreation Reserve	1,117
West Bairnsdale Oval	4,963
Wulgulmerang Recreation Reserve	1,397
Wy Yung Hall William McBriar Reserve	1,662
Wy Yung Recreation Reserve	5,475

Other Contributions and Donations

Organisation	Amount \$
2018 Motorcycling Australian Offroad Championship and Victorian Offroad Championships	6,000
2018/19-2020/21 Adventurethon Demolish Multisport Festival	15,000
ADRA Opportunity Centre	30,000
Australia Day Council of SA	366
Bairnsdale & District Business & Tourism Assoc Inc	20,000
Bairnsdale and District Agricultural Society	10,000
Bairnsdale Classic Car Club	900
Bairnsdale Horse Centre	5,000
Bairnsdale Kindergarten Inc.	2,000
Bairnsdale Neighbourhood House Inc	9,000
Bairnsdale Secondary College	100
Bairnsdale Senior Citizens	8,000
Bairnsdale Team Penning Association	2,000
Bemm River Progress and Improvement Association	20,000
Benambra Neighbourhood House	3,055
Bruthen and District Citizens Association (Neighbourhood House)	2,000
Bruthen and District Citizens Association Inc.	2,000
Bruthen Lions Club Inc	1,000
Bruthen Recreation Reserve Committee	7,156
Bruthen Senior Citizens Incorporated	5,000
Buchan Neighbourhood House	4,545
Buchan Tourist Association	20,000
Clifton Creek Public Hall and Recreation Reserve	9,600
Collective Position Group Pty Ltd	12,167
Destination Gippsland Ltd	33,940
Eagle Point Community Hall Inc	2,739
East Gippsland Business and Tourism Association Inc	2,500
East Gippsland Family History Group	2,000
East Gippsland Rail Trail Committee of Management	20,000
East Gippsland Water	6,638
Ensay Mechanics Institute Reserve	7,000
Far East Victoria Landcare Inc	8,000
Food & Fibre Gippsland Inc	9,000
Gelantipy District Bush Nursing Centre Inc	4,545
Genoa Public Hall	236
GippsDairy Board	2,000
Gippsland Agricultural Group	40,000
Gippsland East Local Learning & Employment Network	51,980
Gippsland Regional Sports Academy	6,500
Johnsonville Public Hall Committee of Management	22,000
Lake Tyers Beach Road Hall Committee Inc	5,000

Organisation	Amount \$
Lakes Entrance Business & Tourism Association Inc	20,000
Lakes Entrance Pony Club Inc	1,600
Lakes Entrance Senior Citizens	9,052
Life Saving Victoria	51,764
Lindenow Sports Ground Management Committee	22,000
Lions Club Lindenow Inc	1,000
Lions Club of Lakes Entrance	1,000
Lucknow Memorial Hall	252
Mallacoota and District Business and Tourism Assoc	20,000
Mallacoota Bakery	39
Mallacoota District Senior Citizens	9,000
Marlo Ratepayers and Residents Association	20,000
Metung Tourism Incorporated	20,000
Mildura Rural City Council	1,000
Nagle College	100
Need for Feed Disaster Relief	30,000
Omeo Agricultural and Pastoral Society	10,000
Omeo Business and Tourism Association	20,000
Omeo District Health	2,500
Omeoshire Lions Club Incorporated	1,000
Orbost Agricultural Society Incorporated	10,000
Orbost and District Chamber of Commerce & Industry	22,500
Orbost Education Centre	3,000
Orbost Senior Citizen's Centre Inc	7,700
Paynesville Business and Tourism Association Inc	21,000
Paynesville Neighbourhood Centre Inc	2,000
Riviera Care	1,000
Rocky Trail Entertainment Pty Ltd	4,000
Rotary Club of Orbost	1,000
RSL Bairnsdale Sub-Branch	455
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 - PGA Southern Division PGA and ALPG 1 Day Pro Am	1,500
Sports Marketing Australia - Victorian Masters Open Squash Tournament	2,200
Sports Marketing Australia Pty Limited - Country League Football Association hosting fee	8,000
Sports Marketing Australia Pty Limited - 2020 Country Leagues Football Association Mini Tournament	2,200
Sports Marketing Australia Pty Limited - 2020 Super Flow at Mt Taylor consultant fee	2,200

Organisation	Amount \$
Sports Marketing Australia Pty Limited - 2021 Victorian Open Masters	2,200
Sports Marketing Australia Pty Limited - On tour with Allan Border	1,100
Sports Marketing Australia Pty Limited - X-Marathon SMA fee	2,200
Squash and Racquetball Victoria	2,000
St Vincent de Paul Society Victoria Inc (871)	30,000
Swifts Creek Hall Inc	238
Swifts Creek Memorial Swimming Pool incorporated	10,500
Swifts Creek P-12 School	100
Twin Rivers Business & Tourism Association Inc.	20,000
Twin Rivers Lions Club Inc	750
U3A Bairnsdale and District Inc	337
Wellington Shire Council	19,200
Wines of Gippsland Inc	1,818
Wy Yung and District Recreation Reserve Management Committee	7,300
Total	852,372

Memberships

Name	Amount \$
Aquatics and Recreation Victoria Inc	1,255
ArtsHub Australia Pty Ltd	330
Australian Airports Association	1,076
Australian Coastal Councils Association	2,669
Australian institute of Company Director	550
Australian Institute of Health & Safety	200
Australian Local Government Women's Association	300
Canberra Region Joint Organisation	10,034
Children's Book Council of Australia (Vic Br) Inc	85
Council Arboriculture Victoria (CAV) Inc	300
CPA Australia	1,964
Environmental Health Professionals Australia	632
FinPro	410
FOI Assist Pty Limited	780
Immunisation Nurses Group	40
Infor User forum	1,300
Inter Council for Local Environmental Initiatives	975
Life Saving Victoria	814
Local Government Infrastructure Design Association	3,000
Local Government Professionals Australia	3,357
Marina Industries Association Ltd	500
Merimbula Tourism	94
Municipal Association of Victoria	36,485
National Timber Councils Association Inc	2,500
Our Community Pty Ltd	364
Parks & Leisure Australia	270
Planning Enforcement Officers Association Inc	70
Rail Freight Alliance	3,155
Records & Information Management Professionals Aus	982
Revenue Management Association	600
Rural Councils Victoria Inc	3,000
South East Australian Transport Strategy	6,618
Tax Ed Membership	1,632
The Australian Livestock Saleyards Association	3,002
The Victorian Association of Performing Arts Centre	1,388
Victorian Municipal Building Surveyors	500
Total	91,230

Section Seven: Financial Performance

**East Gippsland Shire Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2020

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*, the Australian Accounting Standards and other mandatory professional reporting requirements.



Elizabeth Collins CPA

Principal Accounting Officer

Date : 18 September 2020

Bairnsdale

In our opinion the accompanying financial statements present fairly the financial transactions of East Gippsland Shire Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

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

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



Councillor Joe Rettino

Councillor

Date : 18 September 2020

Bairnsdale

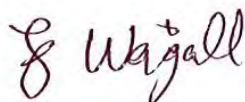


Councillor Colin Toohey

Councillor

Date : 18 September 2020

Bairnsdale



Fiona Weigall

Acting Chief Executive Officer

Date : 18 September 2020

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 2020 • 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 report. In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the financial report	The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

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

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

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

MELBOURNE
25 September 2020



Sahchu Chummar

as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Rates and charges	3.1	58,845	57,011
Statutory fees and fines	3.2	2,083	2,005
User fees	3.3	19,520	11,193
Grants - operating	3.4	28,143	17,760
Grants - capital	3.4	10,732	7,019
Contributions - monetary	3.5	90	165
Contributions - non monetary	3.5	1,593	1,423
Net gain on disposal of property, infrastructure, plant and equipment	3.6	59	34
Other income	3.7	4,098	4,679
Total income		125,163	101,289
Expenses			
Employee costs	4.1	30,253	29,497
Materials and services	4.2	44,432	34,585
Depreciation	4.3	20,788	20,246
Amortisation - intangible assets	4.4	602	546
Amortisation - right of use assets	4.5	73	-
Bad and doubtful debts	4.6	150	177
Borrowing costs	4.7	300	420
Landfill rehabilitation provision movement	5.5	1,395	881
Finance costs - leases	4.8	6	-
Other expenses	4.9	8,488	5,128
Total expenses		106,487	91,480
Surplus/(deficit) for the year		18,676	9,809
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
Total comprehensive result		18,676	46,640

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

Balance Sheet As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	35,137	23,143
Trade and other receivables	5.1	12,234	8,781
Other financial assets	5.1	33,500	34,000
Other assets	5.2	7,361	1,176
Total current assets		88,232	67,100
Non-current assets			
Trade and other receivables	5.1	410	418
Property, infrastructure, plant and equipment	6.1	1,110,713	1,115,319
Right-of-use assets	5.8	869	-
Investment property	6.2	8,704	-
Intangible assets	5.2	2,756	658
Total non-current assets		1,123,452	1,116,395
Total assets		1,211,684	1,183,495
Liabilities			
Current liabilities			
Trade and other payables	5.3	9,995	6,800
Trust funds and deposits	5.3	2,799	1,567
Unearned Income	5.3	2,952	209
Provisions	5.5	9,811	9,922
Interest-bearing liabilities	5.4	-	727
Lease liabilities	5.8	72	-
Total current liabilities		25,629	19,225
Non-current liabilities			
Unearned Income	5.3	527	712
Provisions	5.5	12,157	8,183
Interest-bearing liabilities	5.4	3,350	3,350
Lease liabilities	5.8	809	-
Total non-current liabilities		16,843	12,245
Total liabilities		42,472	31,470
Net assets		1,169,212	1,152,025
Equity			
Accumulated surplus		398,827	381,721
Reserves	9.1	770,385	770,304
Total Equity		1,169,212	1,152,025

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

Statement of Changes in Equity For the Year Ended 30 June 2020

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2020					
Balance at beginning of the financial year		1,152,025	381,721	769,323	981
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	(148)	(148)	-	-
Impact of change in accounting policy - AASB 1058 Income of Not-for-Profit Entities	10	(1,341)	(1,341)	-	-
Adjusted Opening balance		1,150,536	380,232	769,323	981
Surplus/(deficit) for the year		18,676	18,676	-	-
Transfers to other reserves	9.1	-	(81)	-	81
		18,676	18,595	-	81
Balance at end of the financial year		1,169,212	398,827	769,323	1,062

		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
Balance at end of the financial year		1,152,025	381,721	769,323	981

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 2020

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		57,802	57,205
Statutory fees and fines		2,038	1,843
User fees		15,042	11,664
Grants - operating		28,791	17,775
Grants - capital		7,875	7,019
Contributions - monetary		90	165
Interest received		1,172	1,250
Trust funds and deposits taken		9,905	7,767
Other receipts		3,219	3,751
Net GST refund/payment		3,289	1,955
Employee costs		(30,761)	(28,415)
Materials and services		(45,137)	(39,278)
Trust funds and deposits repaid		(8,673)	(7,850)
Other payments		(2,965)	(1,414)
Net cash provided by/(used in) operating activities	9.2	41,687	33,437
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(29,507)	(28,497)
Proceeds from sale of property, infrastructure, plant and equipment		412	967
Payments for investments		(33,500)	(7,750)
Proceeds from sale of investments		34,000	-
Net cash provided by/(used in) investing activities		(28,595)	(35,280)
Cash flows from financing activities			
Finance costs		(304)	(421)
Repayment of borrowings		(727)	(1,852)
Interest paid - lease liability		(6)	-
Repayment of lease liabilities		(61)	-
Net cash provided by/(used in) financing activities		(1,098)	(2,273)
Net increase (decrease) in cash and cash equivalents		11,994	(4,116)
Cash and cash equivalents at the beginning of the financial year		23,143	27,259
Cash and cash equivalents at the end of the financial year		35,137	23,143
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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 2020

	2020 \$'000	2019 \$'000
Property		
Land	243	254
Total land	<u>243</u>	<u>254</u>
Buildings	2,738	4,745
Heritage buildings	13	-
Total buildings	<u>2,751</u>	<u>4,745</u>
Total property	<u>2,994</u>	<u>4,999</u>
Plant and equipment		
Plant, machinery and equipment	1,963	2,406
Fixtures, fittings and furniture	520	891
Computers and telecommunications	361	279
Library books	214	228
Total plant and equipment	<u>3,058</u>	<u>3,804</u>
Infrastructure		
Roads	10,666	8,531
Bridges	5,939	5,577
Footpaths and cycleways	1,788	1,329
Drainage	2,295	741
Recreational, leisure and community facilities	476	1,185
Waste management	372	1,314
Parks, open space and streetscapes	844	1,062
Aerodromes	-	75
Off street car parks	262	139
Other infrastructure	2,133	1,351
Total infrastructure	<u>24,775</u>	<u>21,304</u>
Total capital works expenditure	<u>30,827</u>	<u>30,107</u>
Represented by:		
New asset expenditure	2,349	2,584
Asset renewal expenditure	21,750	22,778
Asset upgrade expenditure	6,728	4,745
Total capital works expenditure	<u>30,827</u>	<u>30,107</u>

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

OVERVIEW

Introduction

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

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

Statement of compliance

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

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 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)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements

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 (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), 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 figure below were adopted by Council on 25/06/2019. 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 the budget in order to meet Council's planning and financial performance targets for both the short and long-term.

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

1.1 Income and expenditure

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
Income					
Rates and charges	58,629	58,845	216	0%	
Statutory fees and fines	1,921	2,083	162	8%	
User fees	11,685	19,520	7,835	67%	1
Grants - operating	9,321	28,143	18,822	202%	2
Grants - capital	9,844	10,732	888	9%	3
Contributions - monetary	233	90	(143)	(61%)	4
Contributions - non monetary	2,000	1,593	(407)	(20%)	5
Net gain on disposal of property, infrastructure, plant and equipment	-	59	59		
Other income	2,294	4,098	1,804	79%	6
Total income	95,927	125,163	29,236		
Expenses					
Employee costs	29,753	30,253	(500)	(2%)	7
Materials and services	36,987	44,432	(7,445)	(20%)	8
Depreciation	20,338	20,788	(450)	(2%)	9
Amortisation - Intangible assets	115	602	(487)	(423%)	10
Amortisation - Right of use assets	-	73	(73)		
Bad and doubtful debts	43	150	(107)	(249%)	11
Borrowing costs	304	300	4	1%	
Landfill rehabilitation provision movement	-	1,395	(1,395)		12
Finance costs - Leases	-	6	-	0%	
Other expenses	1,386	8,488	(7,102)	(512%)	13
Total expenses	88,926	106,487	(17,555)		
Surplus/(deficit) for the year	7,001	18,676	11,681		

Refer to Note 11 for the impact on Council's operations for the 2019/20 financial year as a result of the 2019/20 bushfires and the COVID-19 pandemic.

Note 1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	User Fees and fines - \$7.835M greater than budget	The most significant variance was the increase in waste tipping fees over the budget as a result of the 2019/20 bushfire waste cleanup. The increase over budget for waste fees was \$9.9M. Both Slip Bight and Metung marinas had additional berth fees and exceeded budget by \$228K. There were a number of Council facilities that had service reductions or were closed as a result of the 2020/21 bushfires and COVID-19. The reduction in fees from budget for these facilities is shown below: - Bairnsdale Aquatic and Recreation Centre - \$176K - Livestock Exchange - \$257K - Lakes Aquadome - \$262K - Mallacoota Holiday Park - \$1.267M - Eagle Point Caravan Park - \$141K - Forge Theatre - \$240K - Visitor Information Centres - \$128K
2	Grants - Operating - \$18.822M greater than budget	The Victoria Grants Commission advance payment of part of the 2020/21 grant in 2019/20 accounted for \$8M of the additional grant income. Council also received a number of unbudgeted grants to support the community during the drought in East Gippsland. There were also significant new grants received to provide support to the community following the 2019/20 bushfires. These grants are detailed below: Bushfire Grants - Immediate Assistance grant \$1.416M - Resourcing grant \$4.0M - Council Assistance Fund grant \$3.62M Drought support Grants - Drought - Tourism grant - \$160K - Communities Priorities \$500K - Local Government Service Support Payment \$1.51M
3	Grants - Capital - \$888K greater than budget	Additional Roads to Recovery funding of \$2.576M was received during the year and allocated to a number of road and bridge projects. There was a reduction in other Commonwealth grant funding of \$1.011M mainly as a result of the timing of the works that will not be completed until 2020/21. These relate to roads and other infrastructure projects. State government grants were also less than budget by \$973K also as a result of the timing of works for various projects including roads that will receive Fixing Country Roads funding. It is expected that this funding will now be received in 2020/21 when the associated works have been completed.
4	Contributions - non monetary - \$143K less than budget	Monetary contributions were \$143K less than budget as a result of the timing of works that the contributions relate to. The contributions will now be received in the 2020/21 financial year.
5	Contributions - non monetary - \$407K less than budget	Only \$1.593M 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 - \$1.804M greater than budget	Reimbursements totalling \$1.115M were received for bushfire related expenditure. These reimbursements were not included in the adopted budget. Investment interest also exceeded budget by \$188K as a result of having additional funds to invest during the year. Workcover reimbursements also exceed budget by \$123K. There was a significant insurance reimbursement for storm damage at the Metung marina of \$189K that was not included in the budget. Leasing income was less than budget by \$123K as a result of rental relief for lessees during the last quarter of the year during the COVID-19 pandemic.

Note 1 Performance against budget (cont'd)

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

Variance Ref	Item	Explanation
7	Employee costs - \$500K greater than budget	Additional employee costs of \$613K related to the 2019/20 bushfires. Council will be reimbursed for these costs. Workcover wage costs exceeded budget by \$198K but was partly reimbursed in the 2019/20 year with the balance of the reimbursement expected in the 2020/21 year. Leave provisions were greater than budget by \$462K. Annual leave taken was less than budget by \$450K as a result of a number of vacant permanent positions and leave being deferred during the bushfires and COVID-19 pandemic. The workcover premium was less than budget by \$92K.
8	Materials and Services \$7.445M greater than budget	Additional expenditure for various grant funded projects for drought assistance and bushfire support for the community accounted for \$2.78M of the variance. The materials and services used for repair and restoration works following the bushfires was an unbudgeted amount of \$4.138M. It is expected that these costs will be reimbursed to Council in 2020/21. Materials and services associated with the operation of the Orbest landfill site for bushfire waste that had not been included in the adopted budget was \$1.232M. The waste EPA levy cost was \$415K less than budget as a result of less tonnage of waste going into landfills (excludes fire waste).
9	Depreciation - \$450K greater than budget	Depreciation expenses were \$450K greater than the budget. This was partly as a result of the revaluation of buildings in the 2018/19 year and the increase depreciation as a result of increased values. There was also an increase cost for depreciation for the Bairnsdale Aquatic and Recreation Centre as a result of the capitalised cost of the redevelopment of the facility. Depreciation for landfills was also greater than budget as a result of the earlier than expected opening of the new landfill cell in Bairnsdale.
10	Amortisation - Intangible Assets - \$487K greater than budget	The new landfill cell in Bairnsdale was opened earlier than was planned at the time of adopting the budget. This increased the cost for the amortisation of the landfill airspace asset.
11	Bad and Doubtful Debts - \$107K greater than budget	Additional provision for the expected non recovery of unpaid fines accounts for the majority of the variance for bad and doubtful debts.
12	Landfill rehabilitation provision movement - \$1.395M greater than budget	The estimated cost for landfill rehabilitation works for licenced landfills has increased to take into account the estimated cost for the rehabilitation of the Orbest landfill which was temporarily reopened to accept bushfire waste. This was an increase of \$1.2M in the provision required. There was also an increase in the present value calculation and other adjustments offsetting this for provision amounts no longer required as a result of rehabilitation works being completed.
13	Other expenses - \$7.102M greater than budget	There was \$7.188M of buildings, roads, bridges and other assets written off as a result of the bushfire events. These write off's were not included in the draft budget. There were a number of other expenses that expended less than the budget including legal costs \$38K and memberships and subscriptions \$53K.

1.2 Capital works

	Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	100	243	143	143%	1
Total land	100	243	143		
Buildings	3,093	2,738	(355)	(11%)	2
Heritage buildings	388	13	(375)	(97%)	3
Total buildings	3,481	2,751	(730)		
Total property	3,581	2,994	(587)		
Plant and equipment					
Plant, machinery and equipment	4,040	1,963	(2,077)	(51%)	4
Fixtures, fittings and furniture	30	520	490	1633%	5
Computers and telecommunications	2,863	361	(2,502)	(87%)	6
Library books	339	214	(125)	(37%)	7
Total plant and equipment	7,272	3,058	(4,214)		
Infrastructure					
Roads	13,857	10,666	(3,191)	(23%)	8
Bridges	3,708	5,939	2,231	60%	9
Footpaths and cycleways	2,370	1,788	(582)	(25%)	10
Drainage	2,190	2,295	105	5%	
Recreational, leisure and community facilities	2,155	476	(1,679)	(78%)	11
Waste management	3,162	372	(2,790)	(88%)	12
Parks, open space and streetscapes	2,964	844	(2,120)	(72%)	13
Off street car parks	-	262	262	100%	14
Other infrastructure	4,367	2,133	(2,234)	(51%)	15
Total infrastructure	34,773	24,775	(9,998)		
Total capital works expenditure	45,626	30,827	(14,799)		
Represented by:					
New asset expenditure	4,143	2,349	(1,794)	(43%)	16
Asset renewal expenditure	35,918	21,750	(14,168)	(39%)	17
Asset expansion expenditure	850	-	(850)	(100%)	18
Asset upgrade expenditure	4,715	6,728	2,013	43%	19
Total capital works expenditure	45,626	30,827	(14,799)		

Note 1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land - \$143K more than budget	Land in Great Alpine road was acquired during the year for \$128K, which was not budgeted.
2	Buildings - \$355K less than budget	Mallacoota Pavilion Stage 2 project was underspent by \$290K as a result of the timing of works for this multi year project. Building renewal had a budget of \$950K, but capital expenditure of only \$88K as a result of significant expenditure being transferred to operating as building maintenance expenses. \$675K of expenditure was reclassified from recreation projects to reflect the building component of the project.
3	Heritage buildings - \$375K less than budget	The Omeo Justice Precinct project is a multi year project and the unspent funds of \$375K will be expended in 2020/21 to complete the project.
4	Plant, machinery and equipment - \$2.077M less than budget	The Raymond Island Ferry Renewal Project had a budget of \$1.1M, but the expenditure has been classified as operating and not capital. The plant and vehicle renewal programs were underspent by \$700K as a result of the difficulty in purchasing some large plant items during the COVID-19 pandemic. These plant item will now be purchased in 2020/21.
5	Fixtures, fittings and furniture - \$490K greater than budget	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.
6	Computers and telecommunications - \$2.502M less than budget	The timing of the Information Technology transformation program has seen some projects move into 2020/21 year and this accounts for the budget variance. The significant projects relate to the information technology upgrades and replacement of legacy systems.
7	Library Books - \$125K less than budget	The planned upgrade of the library systems has been delayed.
8	Roads - \$3.191M less than budget	There was \$3.2M of road construction works incomplete at the end of the financial year as a result of delays in being able to undertake the work or the timing of works as they were multi year projects. The most significant of these are the Pearson Street Bairnsdale upgrade \$850K, the Fernbank Glenaladale Road \$473K and McMillan Street Bairnsdale \$505K.
9	Bridges - \$2.231M greater than budget	There were five bridges that were destroyed in the 2019/20 bushfires that were replaced at a cost of \$1.073M that were not included in the budget. These bridge replacements will be funded from natural disaster funding reimbursements that are expected to be received in 2020/21. As a result of additional new grant funding for bridges there was \$2.181M of additional bridge replacement works undertaken during the year that were not included in the budget.
10	Footpaths and cycleways - \$582K less than budget	The Omeo Mountain Bike Trails project is running behind schedule and was underspent by \$613K.
11	Recreational, leisure and community facilities - \$1.679M less than budget	The Lucknow Recreation Reserve upgrade was \$766K less than budget as a result of the timing of the works. Davison Oval Skatepark project was also underspent by \$117K as the project will now be completed in 2020/21. The Bairnsdale Aquatic and Recreation Centre change room and fire services works were reclassified as buildings and this accounted for \$675K of the budget variance.
12	Waste management - \$2.790M less than budget	The Lakes Entrance transfer station works have been delayed and will not occur until the 2020/21 year and this accounted for \$1.468M of the variance. The design of Cell 4 will not be undertaken until the 2020/21 year and this accounted for a further \$225K of the variance. The Metung, Swifts Creek and Marlo transfer station projects were all delayed and will now be completed in 2020/21. This accounted for a further \$792K of the variance. Several other smaller waste projects were also delayed and will be completed in 2020/21 and accounted for \$200K of the variance.
13	Parks, open space and streetscapes - \$2.120M less than budget	The variance relates primarily to the reclassification of various streetscape project works of \$1.433M with a total budget of \$2.058M, where the expenditure has been allocated to roads, footpaths and fixtures.
14	Off street car parks - \$262K greater than budget	A number of parks and open space projects had a carpark component that has been allocated off street car parks whilst the budget for the whole project was included in parks, open space and streetscapes. This accounts for the variance.

Note 1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
15	Other Infrastructure - \$2.234M less than budget	Lakes Entrance seawall reconstruction had a budget of \$1.350M but the expenditure of \$704K has been classified as parks and open space. There were a number of projects that were incomplete at year end and will be completed in 2020/21. These include Jemmy's Point (\$198K), Livestock Exchange sheep pens (\$77K), Bairnsdale Cenotaph (223K), Storage Units (118K) and the Port of Bairnsdale Timber Jetty renewal (\$130K).
16	New Asset Expenditure - \$1.794M less than budget	The variance is mainly due to delay in delivering 3 projects. These projects, Omeo Mountain bike (\$714K), Waste Hook Truck and Trailer purchase (\$330K) and Great Alpine Road Footpath (\$333K) are carried forward to the 2020/21 year.
17	Asset Renewal Expenditure - \$14.168M less than budget	A number of projects included in the adopted 2019/20 budget were re-prioritised and will now be completed in the 2020/21 year. These projects include Lakes Entrance Waste Transfer station (\$618K), Pearson Street (\$850K), Scriveners road (\$800K), renewal of various IT projects (\$2.5M), McMillan and Phillips Lane (\$1.2M) Plant renewal (\$500K).
18	Asset expansion Expenditure - \$850K less than budget	The Lakes Entrance Transfer station project was scheduled to be completed in the 2019/20 year, but will now be delivered in the 2020/21 year and this accounted for the \$850K variance.
19	Asset Upgrade Expenditure - \$2.013M greater than budget	A number of projects were reclassified as upgrade. Those projects are Tices Road (\$247K), Sandy Flat road (\$671K), Timbarra Bridge (698K), Energy efficiency (\$209K) and Fernbank Glenaladale Road Widening (\$450K).

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a) Office of the CEO

Activities associated with municipal governance including the Chief Executive Officer.

Business Excellence

Activities associated with financial management, rate collection, risk management, valuations, information services and human resources, procurement, the cost of Councillors, corporate planning, customer service, communications, governance administration and property services.

Place and Community

Activities associated with building control, environmental health and community laws, immunisations, strategic and statutory planning, economic development and tourism, commercial business operations, emergency management, family and childrens services, aged services, community planning and development, libraries, Forege Theatre and recreational facilities.

Assets and Environment

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

Bushfire Recovery

Activities associated with providing support and assistance to the community in recovering from the 2019/20 bushfires.

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.

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

	Income	Expenses	Grants Surplus/(included in Deficit) income	Total assets
	\$'000	\$'000	\$'000	\$'000
2020				
Council Executive	699	699	-	-
Business Excellence	14,050	14,050	-	7,803
Place and Community	24,036	24,036	-	56,736
Assets and Environment	63,701	63,701	-	1,147,145
Bushfire Recovery	4,019	1,009	3,010	-
Unattributed	18,658	2,992	15,666	-
	125,163	106,487	18,676	1,211,684

	Income	Expenses	Grants Surplus/(included in Deficit) income	Total assets
	\$'000	\$'000	\$'000	\$'000
2019				
Council Executive	2,025	2,025	-	152
Governance	10,087	10,087	-	7,939
Development	15,130	15,130	-	55,426
Operations	52,004	52,004	-	1,118,355
Community Strategy	10,930	10,930	-	1,623
Unattributed	11,113	1,304	9,809	-
	101,289	91,480	9,809	1,183,495

There was an organisation restructure from 1 July 2019 and as a result the program areas have changed from the 2019 information, The 2020 results are therefore not comparable to the 2019 results by program.

Note 3 Funding for the delivery of our services	2020	2019
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 2019/20 was \$8,133 million (2018/19 \$7,633 million). Commercial/Industrial rates was \$995 million (2018/19 \$964 million) and Farm rates was \$1,412 million (2018/19 \$1,285 million). The 2019/20 rate in the CIV dollar for General rates was 0.00403615 (2018/19 0.00391157), Commercial/Industrial rates was 0.00577169 (2018/19 0.00567178) and Farm rates was 0.00332982 (2018/19 0.00352041).

General rates	43,272	39,846
Municipal charge	7,042	8,821
Waste management charge	7,779	7,486
Supplementary rates and rate adjustments	451	363
Interest on rates and charges	131	327
Revenue in lieu of rates	170	168
Total rates and charges	58,845	57,011

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	130	227
Application Registration Fees	369	305
Animal Registrations	434	444
Town planning fees	753	619
Land information certificates	96	100
Permits	69	62
Other	232	248
Total statutory fees and fines	2,083	2,005

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	28	24
Leisure centre and recreation	2,015	2,142
Raymond Island Ferry	181	232
Arts and Culture	140	444
Caravan Parks	1,125	2,645
Saleyards	895	929
Marinas	1,090	979
Child care/children's programs	197	240
Tourism	96	144
Building services	78	79
Waste management services	13,444	3,190
Other fees and charges	231	145
Total user fees	19,520	11,193

User fees by timing of revenue recognition

User fees recognised over time	2,224	2,260
User fees recognised at a point in time	17,296	8,933
Total user fees	19,520	11,193

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

Refer to Note 11 for the impact on user fees as a result of the 2019/20 bushfires and the COVID-19 pandemic.

3.4 Funding from other levels of government

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants	25,016	19,872
State funded grants	13,503	4,817
Other	356	90
Total grants received	38,875	24,779

(a) Operating Grants

Recurrent - Commonwealth Government

Financial Assistance Grants	15,895	15,152
Aged Services	43	43

Recurrent - State Government

Arts and Culture	100	100
Asset Maintenance	89	149
Community Development	215	280
Community Laws	99	85
Emergency Management	165	164
Environmental Management	97	76
Libraries	352	344
Parks and Gardens	2	2
Public Health	39	38

Recurrent - Other

Environmental Sustainability	18	17
Recreational, Leisure and Community Facilities	-	15

Total recurrent operating grants	17,114	16,465
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3.4 Funding from other levels of government (cont'd)

	2020 \$'000	2019 \$'000
Non-recurrent - Commonwealth Government		
Community Development	91	366
Bushfire Recovery	1,117	-
Non-recurrent - State Government		
Community Development	35	489
Economic Development	527	37
Drought assistance	1,510	-
Bushfire Recovery	7,671	-
Emergency Management	-	15
Environmental Sustainability	8	77
Recreational, Leisure and Community Facilities	28	264
Waste	-	11
Non-recurrent - Other		
Environmental Management	6	8
Community Development	2	-
Libraries	7	1
Recreational, Leisure and Community Facilities	27	27
Total non-recurrent operating grants	11,029	1,295
Total operating grants	28,143	17,760

(b) Capital Grants

Recurrent - Commonwealth Government		
Roads to recovery	5,195	2,912
Recurrent - State Government		
Recreational, Leisure and Community Facilities	9	9
Total recurrent capital grants	5,204	2,921
Non-recurrent - Commonwealth Government		
Buildings	813	-
Bridges	350	581
Footpath and Cycleways	494	-
Other Infrastructure	483	500
Recreational, Leisure and Community Facilities	300	-
Roads	235	318
Non-recurrent - State Government		
Buildings	333	240
Other Infrastructure	194	34
Parks, Open Space and Streetscapes	405	177
Recreational, Leisure and Community Facilities	73	730
Roads	1,321	1,373
Footpath and Cycleways	231	-
Waste	-	123
Non-recurrent - Other		
Other Infrastructure	24	22
Plant and Equipment	22	-
Drainage	250	-
Total non-recurrent capital grants	5,528	4,098
Total capital grants	10,732	7,019

(c) Unspent grants received on condition that they be spent in a specific manner

Operating		
Balance at start of year	1,626	945
Received during the financial year and remained unspent at balance date	7,183	1,223
Received in prior years and spent during the financial year	(950)	(542)
Transition application of AASB15 from 18/19	(148)	-
Balance at year end	7,711	1,626
Capital		
Balance at start of year	2,212	2,085
Received during the financial year and remained unspent at balance date	-	1,942
Received in prior years and spent during the financial year	(871)	(1,815)
Transition application of AASB58 from 18/19	(1,341)	-
Balance at year end	-	2,212

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

	2020 \$'000	2019 \$'000
3.5 Contributions		
Monetary	90	165
Non-monetary	1,593	1,423
Total contributions	1,683	1,588

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

Land	-	140
Plant and Equipment	153	-
Roads	1,013	846
Footpaths	265	125
Drainage	162	312
Total non-monetary contributions	1,593	1,423

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

3.6 Net gain on disposal of property, infrastructure, plant and equipment

Proceeds of sale	412	967
Written down value of assets disposed	(353)	(933)
Net gain/(loss) on assets sold	59	34

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	2020	2019
	\$'000	\$'000
Interest	969	1,426
Investment property rental	803	957
Reimbursements - Other	1,017	1,718
Reimbursements - Natural Disasters	1,115	426
Other	194	152
Total other income	4,098	4,679

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.

Refer to Note 11 for the impact on other income as a result of the COVID-19 pandemic.

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	23,408	23,316
WorkCover	1,191	841
Casual staff	3,071	2,713
Superannuation	2,482	2,506
Fringe benefits tax	101	121
Total employee costs	30,253	29,497

(b) Superannuation	2020	2019
	\$'000	\$'000

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	27	125
	27	125
Employer contributions payable at reporting date.	-	82

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,351	1,374
Employer contributions - other funds	1,104	1,007
	2,455	2,381
Employer contributions payable at reporting date.	114	173

Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

Contractor payments

- Bridge Maintenance	292	575
- Road maintenance	8,402	6,904
- Road and Bridge design	135	606
- Vegetation management	950	738
- Ferry maintenance	122	355
- Aerodrome Operations and maintenance	40	-
- Building maintenance	24	-
- Ferry service	517	522
- Security services	-	67
- Waste collection	3,827	3,421
- Waste Management	946	516
- Animal pound services	225	215
- Courier services	87	87
- Cleaning	919	956
- Streetscapes	-	229
- Other	192	169
Total Contractors	16,678	15,360

Building maintenance	843	1,135
General maintenance	15,041	9,824
Utilities	2,077	2,117
Office administration	770	437
Information technology	1,967	1,780
Insurance	926	901
Consultants	1,565	1,389
Contributions	4,565	1,642
Total materials and services	44,432	34,585

4.3 Depreciation

Property	3,417	2,996
Plant and equipment	3,153	3,050
Infrastructure	14,218	14,200
Total depreciation	20,788	20,246

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

4.4 Amortisation - Intangible assets

Software	156	546
Landfill Airspace	446	-
Total Amortisation - Intangible assets	602	546

4.5 Amortisation - Right of use assets

Property	70	-
Plant and Equipment	3	-
Total Amortisation - Right of use assets	73	-

4.6 Bad and doubtful debts	2020	2019
Parking fine debtors	32	29
Animal fine debtors	97	87
Rates debtors	24	13
Other debtors	(3)	48
Total bad and doubtful debts	150	177
Movement in provisions for doubtful debts		
Balance at the beginning of the year	844	699
New provisions recognised during the year	150	174
Amounts already provided for and written off as uncollectible	(2)	(29)
Amounts provided for but recovered during the year	(4)	-
Balance at end of year	988	844
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.		
4.7 Borrowing costs		
Interest - Borrowings	300	420
Total borrowing costs	300	420
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.		
4.8 Finance Costs - Leases		
Interest - Lease Liabilities	6	-
Total finance costs	6	-
4.9 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	45	39
Auditors' remuneration - Internal	36	42
Councillors' allowances	387	302
Operating lease rentals	117	146
Memberships/Subscriptions	166	215
Bank fees and charges	183	206
Legal fees	354	329
Assets written-off -Buildings	476	188
Assets written-off -Bridges	3,934	1,778
Assets written-off -Roads	1,519	1,414
Assets written-off -Open Space	801	96
Assets written-off -Others	458	367
Others	12	6
Total other expenses	8,488	5,128
Note 5 Our financial position	2020	2019
5.1 Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	13	13
Cash at bank	120	95
Term deposits	35,004	23,035
Total cash and cash equivalents	35,137	23,143
(b) Other financial assets		
Term deposits - current	33,500	34,000
Total other financial assets	33,500	34,000
Total financial assets	68,637	57,143
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))	2,799	1,567
- Unexpended grants (Note 3.4(c))	7,711	3,838
- Non-Discretionary Reserves (Note 9.1(b))	1,062	981
Total restricted funds	11,572	6,386
Total unrestricted cash and cash equivalents	23,565	16,757
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Cash held to fund carried forward capital works	11,219	13,437
- Cash held to fund carried forward landfill rehabilitation projects	2,128	4,943
- Tambo Bluff Estate	401	465
- Water transport replacement reserve	2,000	1,700
- Orbest Landfill Discretionary Reserve Bushfire 2019/20	7,662	-
Total funds subject to intended allocations	23,410	20,545

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)

5.1 Financial assets (cont'd)

(c) Trade and other receivables

2020

\$'000

2019

\$'000

Current

Statutory receivables

Rates debtors	4,406	3,363
Special rate assessment	862	1,056
Infringement debtors	768	695
Provision for doubtful debts - statutory debtors	(909)	(761)
GST Receivable	894	941

Non statutory receivables

Other debtors	6,292	3,570
Provision for doubtful debts - other debtors	(79)	(83)

Total current trade and other receivables

12,234

8,781

Non-current

Statutory receivable

Special rate scheme	410	418
---------------------	-----	-----

Total non-current trade and other receivables

410

418

Total trade and other receivables

12,644

9,199

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

Refer to Note 11 for the impact on rate debtor receivables as a result of the COVID-19 pandemic.

(d) 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)	6,013	2,811
Past due by up to 30 days	118	129
Past due between 31 and 180 days	43	508
Past due between 181 and 365 days	37	12
Past due by more than 1 year	2	27
Total trade and other receivables	6,213	3,487

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$79,000 (2019: \$83,000) were impaired. The amount of the provision raised against these debtors was \$79,000 (2019: \$83,000). 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	79	83
Total trade and other receivables	79	83

5.2 Non-financial assets	2020	2019	
(a) Other assets	\$'000	\$'000	
Prepayments	828	684	
Accrued income	3,904	492	
Capital Grant receivable	2,508	-	
Other	121	-	
Total other assets	7,361	1,176	
 (b) Intangible assets			
Software	502	658	
Landfill air space	2,254	-	
Total intangible assets	2,756	658	
	Software	Landfill	Total
	\$'000	\$'000	\$'000
Gross carrying amount			
Balance at 1 July 2019	1,936	2,154	4,090
Additions from internal developments	-	2,700	2,700
Balance at 1 July 2020	1,936	4,854	6,790
Accumulated amortisation and impairment			
Balance at 1 July 2019	1,278	2,154	3,432
Amortisation expense	156	446	602
Balance at 1 July 2020	1,434	2,600	4,034
Net book value at 30 June 2019	658	-	658
Net book value at 30 June 2020	502	2,254	2,756
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	2020	2019	
(a) Trade and other payables	\$'000	\$'000	
Trade payables	8,213	4,822	
Accrued expenses	1,782	1,978	
Total trade and other payables	9,995	6,800	
 (b) Trust funds and deposits			
Refundable deposits	2,028	993	
Fire services levy	336	224	
Retention amounts	433	344	
Other refundable deposits	2	6	
Total trust funds and deposits	2,799	1,567	
 (c) Unearned income - Current			
Grants received in advance - operating	781	-	
Grants received in advance - capital	1,573	-	
Caravan Park	383	-	
Prepaid Marina Income	215	209	
Total unearned income	2,952	209	
 (c) Unearned income - Non Current			
Prepaid Marina Income	527	712	
	527	712	

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 contract deposits and the use of civic facilities. Refundable deposits also include other monies received by Council in excess of amounts due to be paid and will either be returned or transferred in accordance with the purpose of the receipt.

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

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

5.4 Interest-bearing liabilities	2020 \$'000	2019 \$'000
Current		
Borrowings - secured	-	727
	-	727
Non-current		
Borrowings - secured	3,350	3,350
	3,350	3,350
Total	3,350	4,077

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
Later than one year and not later than five years	1,700	1,700
Later than five years	1,650	1,650
	3,350	4,077

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 \$ '000	Landfill restoration \$ '000	Native Vegetation \$ '000	Total \$ '000
2020				
Balance at beginning of the financial year	6,122	11,763	220	18,105
Additional provisions	925	3,380	10	4,315
Amounts used	(497)	(818)	(19)	(1,334)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	167	715	-	882
Balance at the end of the financial year	6,717	15,040	211	21,968
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

5.5 Provisions (cont'd)	2020	2019
(a) Employee provisions	\$'000	\$'000
Current provisions expected to be wholly settled within 12 months		
Annual leave	2,105	1,888
Long service leave	365	341
	<u>2,470</u>	<u>2,229</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	240	179
Long service leave	3,282	3,071
	<u>3,522</u>	<u>3,250</u>
Total current employee provisions	5,992	5,479
Non-current		
Long service leave	725	643
Total non-current employee provisions	725	643
Aggregate carrying amount of employee provisions:		
Current	5,992	5,479
Non-current	725	643
Total aggregate carrying amount of employee provisions	6,717	6,122

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

Wages and salaries and annual leave

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

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

Long service leave

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

Key assumptions:

- discount rate	0.57%	1.15%
- inflation rate	2.00%	2.00%
- settlement period	12 years	12 years

(b) Landfill restoration provisions	2020	2019
	\$'000	\$'000
Current	3,819	4,443
Non-current	11,221	7,320
	<u>15,040</u>	<u>11,763</u>

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

Key assumptions:

- discount rate	0.81%	1.30%
- inflation rate	2.00%	2.00%
- settlement period	30 years	30 years

(c) Native Vegetation Offset provision

Current	-	-
Non-current	211	220
	<u>211</u>	<u>220</u>
Total Current	9,811	9,922
Total Non-current	12,157	8,183
Total Provisions	21,968	18,105

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2020.

Bank overdraft	1,500	1,500
Credit card facilities	300	300
Borrowings	3,350	4,077
Total facilities	5,150	5,877
Used facilities	3,371	4,143
Unused facilities	1,779	1,734
Total facilities	5,150	5,877

5.7 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
2020					
Operating					
Cleaning	1,067	129	-	-	1,196
Ferry Operations/Maintenance	542	504	41	-	1,087
Road Infrastructure Maintenance	3,220	590	1,769	49	5,628
Waste Management	3,317	3,183	8,147	-	14,647
Other Service Contracts	873	523	980	-	2,376
Total	9,019	4,929	10,937	49	24,934
Capital					
Buildings	131	-	-	-	131
Roads	2,221	-	-	-	2,221
Bridges	2,337	-	-	-	2,337
Drainage	2,751	-	-	-	2,751
Other	2,739	-	-	-	2,739
Total	10,179	-	-	-	10,179
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

5.8 Leases

Policy applicable before 1 July 2019

As a lessee, council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

5.8 Leases (cont'd)

Policy applicable after 1 July 2019

Council has applied AASB 16 Leases using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to AASB 16 Leases, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied AASB 16 Leases only to contracts that were previously identified as leases.

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Council has elected to apply the temporary option available under AASB 16 Leases which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Right-of-Use Assets	Property \$'000	Equipment \$'000	Total \$'000
Balance at 1 July 2019	914	-	914
Additions	-	28	28
Amortisation charge	(70)	(3)	(73)
Balance at 30 June 2020	844	25	869

Lease Liabilities	2020 \$'000
Maturity analysis - contractual undiscounted cash flows	
Less than one year	79
One to five years	294
More than five years	717
Total undiscounted lease liabilities as at 30 June:	1,090

Lease liabilities included in the Balance Sheet at 30 June:

Current	72
Non-current	809
Total lease liabilities	881

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of \$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Expenses relating to:	2020 \$'000
Short-term leases	65
Leases of low value assets	16
Total	81

Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:	
Within one year	103
Later than one year but not later than five years	15
Total lease commitments	118

5.8 Leases (cont'd)

i. Leases classified as operating leases under AASB 117 Leases

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying AASB 16 Leases to leases previously classified as operating leases under AASB 117 Leases .

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of AASB 137 Provisions, Contingent Liabilities and Contingent Assets onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under AASB 117 Leases , the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under AASB 117 Leases immediately before that date.

Council is not required to make any adjustments on transition to AASB 16 Leases for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with AASB 16 Leases from the date of initial application.

Impact on financial statements

On transition to AASB 16 Leases , Council recognised an additional \$914k of right-of-use assets and \$914k of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 2.22%.

	2019
	\$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	924
Discounted using the incremental borrowing rate at 1 July 2019	(20)
- Recognition exemption for:	
short-term leases	(178)
leases of low-value assets	(157)
- Other Lease adjustments	345
- Lease liabilities recognised as at 1 July 2019	<u>914</u>

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2019 \$'000	Additions \$'000	Contributions \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	At Fair Value 30 June 2020 \$'000
Property	254,702	2,472	-	(3,417)	(2)	(627)	(8,698)	244,430
Plant and equipment	14,682	3,297	153	(3,153)	(351)	(2)	-	14,626
Infrastructure	838,833	18,838	1,440	(14,218)	-	(6,453)	-	838,440
Work in progress	7,102	30,827	-	-	-	(106)	(24,608)	13,215
	1,115,319	55,434	1,593	(20,788)	(353)	(7,188)	(33,306)	1,110,711

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	857	2,994	(17)	(2,472)	1,362
Plant and equipment	146	3,058	(8)	(3,100)	96
Infrastructure	6,099	24,775	(81)	(19,036)	11,757
Total	7,102	30,827	(106)	(24,608)	13,215

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Total Land & Land Improvements \$'000	Heritage buildings \$'000	Buildings - specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2019	127,665	3,118	130,783	17,082	176,232	193,314	857	324,954
Accumulated depreciation at 1 July 2019	-	-	-	(8,296)	(61,099)	(69,395)	-	(69,395)
	127,665	3,118	130,783	8,786	115,133	123,919	857	255,559
Movements in fair value								
Additions	177	52	229	13	2,230	2,243	3,000	5,472
Contributions	-	-	-	-	-	-	-	-
Disposal	-	(2)	(2)	-	-	-	-	(2)
Write-off	(151)	-	(151)	-	(803)	(803)	(17)	(971)
Transfers	(2,766)	-	(2,766)	-	(9,978)	(9,978)	(2,478)	(15,222)
	(2,740)	50	(2,690)	13	(8,551)	(8,538)	505	(10,723)
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	(251)	(3,166)	(3,417)	-	(3,417)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-
Accumulated depreciation of assets Written off	-	-	-	-	327	327	-	327
Transfers	-	-	-	-	4,046	4,046	-	4,046
	-	-	-	(251)	1,207	956	-	956
At fair value 30 June 2020	124,925	3,168	128,093	17,095	167,681	184,776	1,362	314,231
Accumulated depreciation at 30 June 2020	-	-	-	(8,547)	(59,892)	(68,439)	-	(68,439)
	124,925	3,168	128,093	8,548	107,789	116,337	1,362	245,792

(b) Plant and Equipment

	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Library books \$'000	Work In Progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2019	20,435	8,908	4,511	4,680	146	38,680
Accumulated depreciation at 1 July 2019	(11,118)	(5,685)	(3,501)	(3,548)	-	(23,852)
	9,317	3,223	1,010	1,132	146	14,828
Movements in fair value						
Additions	1,927	795	361	214	3,058	6,355
Contributions	153	-	-	-	-	153
Disposal	(1,130)	-	-	-	-	(1,130)
Write-off	-	(10)	-	-	(8)	(18)
Transfers	-	-	-	-	(3,100)	(3,100)
Impairment losses recognised in operating result	-	-	-	-	-	-
	950	785	361	214	(50)	2,260
Movements in accumulated depreciation						
Depreciation and amortisation	(1,811)	(648)	(399)	(295)	-	(3,153)
Accumulated depreciation of disposals	779	-	-	-	-	779
Accumulated depreciation of assets Written off	-	8	-	-	-	8
Transfers	-	-	-	-	-	-
	(1,032)	(640)	(399)	(295)	-	(2,366)
At fair value 30 June 2020	21,385	9,693	4,872	4,894	96	40,940
Accumulated depreciation at 30 June 2020	(12,150)	(6,325)	(3,900)	(3,843)	-	(26,218)
	9,235	3,368	972	1,051	96	14,722

Notes to the Financial Report
For the Year Ended 30 June 2020

(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 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 1 July 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
Movements in fair value												
Additions	8,151	3,888	1,526	1,277	271	2,105	23	-	422	1,175	24,775	43,613
Contributions	1,013	-	265	162	-	-	-	-	-	-	-	1,440
Write-off	(2,336)	(5,420)	-	-	(228)	-	(887)	-	(31)	-	(81)	(8,983)
Transfers	-	-	-	-	-	-	-	-	-	-	(19,036)	(19,036)
	6,828	(1,532)	1,791	1,439	43	2,105	(864)	-	391	1,175	5,658	17,034
Movements in accumulated depreciation												
Depreciation and amortisation	(9,370)	(1,168)	(471)	(745)	(648)	(385)	(446)	(90)	(212)	(683)	-	(14,218)
Accumulated depreciation of Write off	817	1,486	-	-	55	-	86	-	5	-	-	2,449
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
	(8,553)	318	(471)	(745)	(593)	(385)	(360)	(90)	(207)	(683)	-	(11,769)
At fair value 30 June 2020	661,971	98,081	29,315	77,703	31,301	9,746	30,621	7,629	10,761	21,231	11,757	990,116
Accumulated depreciation at 30 June 2020	(81,791)	(8,234)	(4,889)	(18,188)	(11,619)	(3,628)	(4,247)	(286)	(1,410)	(5,627)	-	(139,919)
	580,180	89,847	24,426	59,515	19,682	6,118	26,374	7,343	9,351	15,604	11,757	850,197

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, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

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

Asset recognition thresholds and depreciation periods	Depreciation Period	Threshold Limit \$'000
Land & land improvements		
land	-	-
Buildings		
buildings	15-80 years	5
building and leasehold 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	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 above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

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.

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

Valuation of land and buildings

Valuation of land and buildings were undertaken in 2018/19 by a 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 2020 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Land	-	-	124,925	30/06/2019
Non Specialised land	-	3,168	-	30/06/2019
Heritage Buildings	-	-	8,548	30/06/2019
Buildings	-	-	107,789	30/06/2019
Total	-	3,168	241,262	

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.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Roads	-	-	580,180	31/12/2017
Bridges	-	-	89,847	31/12/2017
Footpaths and cycleways	-	-	24,426	31/12/2017
Drainage	-	-	59,515	31/12/2017
Recreational, leisure and community facilities	-	-	19,682	31/12/2017
Waste management	-	-	6,118	31/12/2017
Parks, open space and streetscapes	-	-	26,374	31/12/2017
Aerodromes	-	-	7,343	31/12/2017
Off street car parks	-	-	9,351	31/12/2017
Other infrastructure	-	-	15,604	31/12/2017
Total	-	-	838,440.00	

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

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 buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are 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.

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.

	2020	2019
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	2,038	2,009
Parks and reserves	66,105	66,100
Recreation and Leisure	28,733	29,031
Residential Land	361	361
Commercial Land	480	480
Aerodrome Land	2,413	2,413
Community Services Land	4,739	4,896
Business Centre/Library Land	3,929	3,929
Caravan Park Land	2,377	4,824
Carpark Land	3,693	3,693
Depot Land	230	230
Quarry Reserve Land	155	155
Drainage Reserve Land	5,471	5,471
Saleyard and Pound Facility Land	731	731
Waste Management Land	3,209	3,209
Road Reserves	261	133
Total specialised land	124,925	127,665

	2020 \$'000	2019 \$'000
6.2 Investment property		
Balance beginning of financial year	-	-
Transfers	8,698	-
Additions	6	-
Balance at end of financial year	8,704	-

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

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by 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, who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

	2020 No.	2019 No.
Note 7 People and relationships		
7.1 Council and key management remuneration		
(a) Related Parties		
<i>Parent entity</i>		
East Gippsland Shire 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 John White (Mayor - 29/10/19 - 30/06/20)		
Councillor Natalie O'Connell (Mayor - 01/07/19 - 28/10/19)		
Councillor Ben Buckley		
Councillor Richard Ellis		
Councillor Mark Reeves		
Councillor Joe Rettino		
Councillor Marianne Pelz		
Councillor Colin Toohey		
Councillor Jackson Roberts		
Management		
Chief Executive Officer		
General Manager Assets and Environment		
General Manager Business Excellence (9/9/19 to 30/6/20)		
General Manager Place and Community (16/9/19 to 27/01/20) and General Manager Bushfire Recovery (28/01/20 to 30/06/20)		
Acting General Manager Business Excellence (1/7/19 to 12/7/19)		
Acting General Manager Business Excellence (5/8/19 to 6/9/19)		
General Manager Place and Community (28/01/20 to 30/06/20)		
Acting General Manager Place and Community (1/7/19 to 13/09/19)		
Total Number of Councillors	9	9
Total of Chief Executive Officer and other Key Management Personnel	8	8
Total Number of Key Management Personnel	17	17
(c) Remuneration of Key Management Personnel	2020	2019
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,732	1,514
Long-term benefits	29	29
Post employment benefits	110	192
Termination benefits	-	60
Total	1,871	1,795
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	2020	2019
	No.	No.
\$20,000 - \$29,999	-	7
\$30,000 - \$39,999	7	1
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	-	1
\$80,000 - \$89,999	2	-
\$130,000 - \$139,999	-	1
\$150,000 - \$159,999	1	1
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	1	1
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	-	1
\$260,000 - \$269,999	-	1
\$310,000 - \$319,999	1	-
\$340,000 - \$349,999	-	1
	17	17

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 \$151,000 (\$148,000 in 2018/19)

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

Income Range:	2020 No.	2019 No.
\$148,000 - \$149,999	-	1
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	1	-
	1	2

Total Remuneration for the reporting year for Senior Officers included above, amounted to: **\$182,294** **\$320,023**

7.2 Related party disclosure

(a) Transactions with related parties

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

For the year ended 30 June 2020, Council paid \$117,031 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 - \$14,806 for works and services Snowy River Lodge - \$1,390 for accommodation and meals Orbost Country Motor Inn - \$4,217 for accommodation and meals
Cr Rettino	East Gippsland Rail Trail Committee - \$22,557 for Community Development
Cr White	Melwood Investments Pty Ltd - \$71,916 for contracted slashing services
Cr O'Connell	Alps Links Regional Communities - \$330 for tickets for business sports luncheon
General Manager Assets and Environment	The Right Man - \$1,815 for consultancy 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) Loans to/from related parties

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

Nil

(d) 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

Operating lease receivables

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

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

	2020	2019
	\$'000	\$'000
Not later than one year	721	684
Later than one year and not later than five years	1,950	1,953
Later than five years	2,092	2,301
	<u>4,763</u>	<u>4,938</u>

(b) Contingent liabilities

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.

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 2020. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 are \$26,857.

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.

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.

MAV Workcare

Council is a participant of the MAV WorkCare Scheme. The MAV WorkCare scheme provides workers compensation insurance. The MAV WorkCare 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 2020 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.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for the local government sector)

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement*. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 *Property, Plant and Equipment* or AASB 138 *Intangible Assets*, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no material impact on the transactions and balances recognised in the financial statements.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for the local government sector)

The Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for the local government sector)

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

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.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

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

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

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

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

8.3 Financial instruments (cont'd)

(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 1.3%.

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.

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

Since 30 June 2020, there has been COVID-19 related impacts on Council operations in the 2020/21 year as a result of facility closures, and support packages for the community. The estimated impact on the 2020/21 financial year is as follows but depends on the level of government restrictions:

- Estimated reduction in caravan park revenue from fees and charges of \$308K.
- Estimated reduction in leisure facilities revenue from user charges of \$212K.
- Estimated reduction in user fees (net of some cost reduction) for the Forge Theatre of \$40k.
- Estimated reduction in user fees for Visitor Information Centres of \$60K.
- Estimated reduction in user fees for the East Gippsland Livestock Exchange of \$321K.

Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Share of increment (decrement) on revaluation of <name asset class> by an associate \$'000	Balance at end of reporting period \$'000
9.1 Reserves				
(a) Asset revaluation reserves				
2020				
Property				
Land and land improvements	91,334	-	-	91,334
Buildings	84,209	-	-	84,209
	175,543	-	-	175,543
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
	593,780	-	-	593,780
Total asset revaluation reserves	769,323	-	-	769,323
2019				
Property				
Land and land improvements	84,059	7,275	-	91,334
Buildings	54,653	29,556	-	84,209
	138,712	36,831	-	175,543
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
	593,780	-	-	593,780
Total asset revaluation reserves	732,492	36,831	-	769,323

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				
2020				
Car Parking	193	-	-	193
Development Contribution Plans	19	-	-	19
Lakes Entrance Northern Growth Area	-	1	-	1
Recreational Land	735	80	-	815
Road Upgrading	34	-	-	34
Total Other reserves	981	81	-	1,062
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

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.

Lakes Entrance Northern Growth Area receive contributions in accordance with the development plan.

	2020	2019
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	18,676	9,809
Depreciation/amortisation	21,463	20,792
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(59)	3,809
Write off property, plant and equipment	7,188	-
Contributions - Non-monetary assets	(1,593)	(1,423)
Financing cost in financing activities	310	421
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(3,445)	(323)
(Increase)/decrease in prepayments	-	(122)
Increase/(decrease) in other current assets	(6,185)	2
Increase/(decrease) in trade and other payables	1,868	792
(Decrease)/increase in other liabilities	1,069	(214)
Increase/(decrease) in provisions	1,163	(23)
Increase/(Decrease) in trust funds	1,232	(83)
Net cash provided by/(used in) operating activities	41,687	33,437

9.3 Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2020, this was 9.5% as required under Superannuation Guarantee (SG) legislation).

Defined Benefit

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

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

Funding arrangements

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

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 107.1%. The financial assumptions used to calculate the VBIs were:

Net investment returns	6.0% pa
Salary information	3.5% pa
Price inflation (CPI)	2.0% pa

Vision Super has advised that the actual VBI at 30 June 2020 was 104.6%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2017 full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate is expected to increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

9.3 Superannuation (cont'd)

Funding calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of 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 2019 and the last 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:

	2019 \$m	2017 \$m
- A VBI Surplus	151.3	69.8
- A total service liability surplus	233.4	193.5
- A discounted accrued benefits surplus	256.7	228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2019.

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

The 2020 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	2020 Triennial investigation	2017 Triennial investigation
Net investment return	5.6% pa	6.5% pa
Salary inflation	2.50 % pa for the first two years and 2.75% pa thereafter	3.5% pa
Price inflation	2.0% pa	2.5% pa

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2020 are detailed below:

Scheme	Type of Scheme	Rate	2020 \$'000	2019 \$'000
Vision super	Defined benefit	9.50%	27	125
Vision super	Accumulation fund	9.50%	1,351	1,374
Various other funds	Accumulation fund	9.50%	1,104	1,007

There were contributions outstanding of \$113,702 as at 30 June 2020 and no loans issued from or to the above schemes as at 30 June 2020.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 is \$26,857.

10 Change in accounting policy

Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 *Revenue from Contracts with Customers* applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted AASB 15 *Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under AASB 118 *Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 *Revenue from Contracts with Customers* requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

b) AASB 16 Leases

AASB 16 *Leases* requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted AASB 1058 *Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 *Income of Not-for-Profit Entities* requires income to be recognised as Council satisfies the performance obligations under the contract.

d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019 \$'000
Retained earnings at 30 June 2019	381,721
Revenue adjustment - impact of AASB 15 <i>Revenue from Contracts with Customers</i>	(148)
Income Adjustment - impact of AASB 1058 <i>Income of Not-for-Profit Entities</i>	(1,341)
Retained earnings at 1 July 2019	380,232

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of AASB 16 *Leases*.

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 \$'000	Adjustments \$'000	Post adoption \$'000
Assets			
Right of use assets	-	914	914
Grants receivable	-	627	627
	-	1,541	1,541
Liabilities			
Unearned income - operating grants	-	(308)	(308)
Unearned income - capital grants	-	(1,808)	(1,808)
Lease liability - current	-	(57)	(57)
Lease liability - non-current	-	(857)	(857)
	-	(3,030)	(3,030)

11 Impact of the 2019/20 Bushfires and COVID-19 Pandemic on Council's operations and the 2019/20 financial report

a) The bushfire events in East Gippsland during the 2019/20 summer period

Many areas of the East Gippsland Shire were devastated by bushfires in December 2019 and January 2020. As a result of the bushfires the Mallacoota Foreshore Holiday Park was closed for a period of time during what would have been the peak booking period. The Eagle Point Caravan Park was also impacted as a result of visitors being restricted during the bushfire event. The estimated loss of revenue from fees and charges for the 2019/20 financial year as a result of the bushfire event on these two facilities is as follows:

- Mallacoota Foreshore Holiday Park	\$930K	51% loss of revenue
- Eagle Point Caravan Park	\$53K	8% loss of revenue

As a result of the 2019/20 bushfire events there was significant damage to Council's infrastructure. Council incurred additional expenditure in the 2019/20 year for relief and recovery, both for the repair and restoration of damaged infrastructure as well as providing support to the community. Council received a number of government grants in 2019/20 to provide support and assistance to the community following the bushfire events and these grants will be expended over the 2019/20 and 2020/21 years. Details of the expenditure incurred and grants and reimbursements received in the 2019/20 year are as follows:

Expenditure

- Immediate relief and recovery and damaged infrastructure repairs	\$4.734M
- Bridge construction	\$1.635M
- Written down value of bridges destroyed	\$3.066M
- Bushfire Recovery directorate support costs	\$913K
- Rate waivers and rebates	\$1.259M
- Grants provided to support the business sector	\$350K

Income

- Immediate Assistance grant	\$1.416M
- Resourcing grant	\$4.0M
- Council Assistance Fund grant	\$3.62M
- Reimbursements for relief and repair costs	\$1.115M

Reimbursement under the Natural Disaster Relief and Recovery Arrangements (NDRRA) for relief, repair and bridge reconstruction costs will be received over two financial years being 2019/20 and 2020/21 as claims for reimbursement are approved by the state government. Repair and restoration works for fire damaged and destroyed infrastructure as well as recovery services will continue in the 2020/21 year.

b) COVID-19 Pandemic impact on Council operations

On 30 January 2020, COVID-19 was declared a global pandemic by the world health organisation. Since then various measures have been taken by all three levels of government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted Council operations in the following areas for the financial year ended 30 June 2020:

- In response to government directives amidst the COVID-19 outbreak Council's leisure centres were closed. This closure resulted in a decrease in user fees revenue of \$440K.
- In response to government directives amidst the COVID-19 outbreak Council's caravan parks were closed. This closure resulted in a decrease in user fees revenue of \$426K.
- Council paused all commercial rent agreements from 01/04/2020 to 30 June 2020. This resulted in a decrease in rent revenue of \$138K.
- The East Gippsland Livestock Exchange fee revenue reduced as a result of COVID-19 restrictions by \$258K.
- Visitor Information Centre user fee revenue reduced by \$129K as a result of the closure of facilities during the COVID-19 restrictions.
- Forge Theatre was closed as a result of the COVID-19 restrictions and this resulted in a loss of revenue of \$218K.
- The financial impact of providing an interest free period for rates resulted in a loss of revenue of \$129K. This has also resulted in the rate debtor balance as at 30 June 2020 to increase by \$1.043 million compared to last year.

East Gippsland Shire Council

Performance Statement

For the year ended 30 June 2020

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 47,316 residents (as at 30 June 2019). 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 2,978 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 2020

	<i>Indicator/measure</i>	Results				Material Variations and Comments
		2017	2018	2019	2020	
	Population					
C1	<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,018.63	\$1,918.95	\$1,953.22	\$2,250.55	As a result of additional funding for both drought programs and bushfire related works and programs, there was additional expenditure in 2019-20.
C2	<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$17,607.72	\$20,505.46	\$21,029.01	\$20,767.18	No material variations
C3	<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	15.10	15.58	15.86	15.89	No material variations
	Own-source revenue					
C4	<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,562.73	\$1,603.61	\$1,599.56	\$1,788.08	Additional user fees from the bushfire waste clean-up increased the revenue per head of municipal population.
	Recurrent grants					
C5	<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$605.59	\$447.58	\$414.07	\$471.68	Additional Roads to Recovery grant funding was received in 2019-20. There was also additional Victoria Grants Commission payment received when the 50% of the 2020-21 allocation was received in the 2019-20 year.
	Disadvantage					
C6	<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	3.00	3.00	3.00	3.00	No material variations.
	Workforce Turnover					
C7	<i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100	15.3%	11.4%	11.6%	9.6%	

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2020

	Service/indicator/measure	Results				Material Variations and Comments
		2017	2018	2019	2020	
AF6	Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	8.12	8.45	8.31	5.63	The result is directly impacted by the Black Summer Bushfires and COVID-19 Pandemic as the facilities had to close due to the risks to public safety. Due to the COVID-19 restrictions, the Bairnsdale Aquatic and Recreation Centre and Lakes Aquadome facilities were forced to close from 23 March 2020 through until 22 June 2020.
AM7	Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	100%	Council had one prosecution during 2019-20 which was successful. Due to COVID-19 restrictions imposed a number of other animal prosecutions were unable to be heard during the reporting period.
FS4	Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	100.00%	90.48%	85.71%	Seven major non compliances notifications were received in the year, with six of these being actioned within the current year. Due to the timing of the final notification it was followed up in the following reporting period.
G5	Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	50.00	51.00	46.00	54.00	The use of social media expanded Council's reach into the community and provided real time updates on critical information during and following the bushfires. This included the distribution of regular newsletters through printing hard copies and using online channels.

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2020

	Service/indicator/measure	Results				Material Variations and Comments
		2017	2018	2019	2020	
LB4	Libraries Participation <i>Active library borrowers in municipality</i> [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	21.35%	20.13%	19.60%	19.01%	It would be reasonable to attribute the decrease to the bushfires that impacted communities across the shire and the COVID-19 pandemic that limited services Council were able to safely offer. A Click and Collect service was established to enable borrowing which had some uptake and the Bairnsdale Library was able to offer limited service under the pandemic restrictions. It is also noteworthy that the impact of the bushfires across the shire were severe, shifting priorities of communities and therefore may have also contributed to less active borrowing over the reporting period.
R5	Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	46.00	50.00	49.00	55.00	Council has continued to invest significantly in sealed road resealing, reconstruction and the improvement of urban streets, while also striving to maximise external State and Australian Government grants for road projects. The strategy is to ensure that sealed road network condition is not only maintained but reflects incremental improvements for the benefit of the community.
SP4	Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	50.00%	66.67%	25.00%	100%	Three of Council's planning decisions were appealed to VCAT, with all three being upheld and none were set aside (overturned).

East Gippsland Shire Council

Performance Statement

For the year ended 30 June 2020

	Service/ <i>indicator/measure</i>	Results				Material Variations and Comments
		2017	2018	2019	2020	
WC5	Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	53.01%	50.81%	51.45%	52.48%	There was an increase in green organics collected from January to June, which aligns with the period when residents were firstly removing green waste around their properties due to the bushfire threat, and then people were home more with COVID-19 restrictions increasing their time to maintain their properties and remove green organics.

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2020

Definitions

"active library borrower" means a borrower of a library who has borrowed a book or other resource 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*

"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

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

"population" means the resident population estimated by council.

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2020

	Dimension/ <i>indicator</i> /measure	Results				Forecasts				Material Variations and Comments
		2017	2018	2019	2020	2021	2022	2023	2024	
E2	Efficiency Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,836.05	\$2,793.63	\$2,882.19	\$3,356.25	\$3,448.14	\$3,052.00	\$3,039.31	\$3,075.56	There was an increase in expenditure for 2019-20 as a result of the reinstatement works that resulted from the 2019-20 bushfires. There was also additional expenditure related to drought assistance for the community. There was also significant additional funding offsetting the additional expenditure as a result of the bushfire events and drought assistance to the community.
	Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	New in 2020	New in 2020	New in 2020	\$1,599.31	\$1,586.27	\$1,619.53	\$1,653.78	\$1,688.69	
L1	Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	304.42%	333.34%	349.01%	344.27%	233.00%	177.11%	174.03%	110.81%	Additional income was received for the bushfire waste clean up that has resulted in additional cash at year end. The additional cash will be held in a discretionary reserve for potential
L2	Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	62.45%	5.73%	-8.44%	48.17%	152.99%	100.72%	81.32%	30.56%	

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2020

	Dimension/ <i>indicator</i> /measure	Results				Forecasts				Material Variations and Comments
		2017	2018	2019	2020	2021	2022	2023	2024	
										future costs associated with the rehabilitation and aftercare for the reopened Orbest landfill that was used for the bushfire waste disposal. There was also \$33.5 million of investments held at 30 June 2020 that are classified as other financial assets as they had an investment term greater than 90 days. These investments matured in July 2021 and would have increased the unrestricted cash if they were taken into account.
	Obligations									
	Loans and borrowings									
O2	Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	12.57%	10.80%	7.15%	5.69%	9.43%	16.33%	15.59%	14.15%	No new borrowings were taken up during the year with only repayments for the existing loan.
O3	Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	4.50%	2.03%	3.99%	1.75%	0.54%	3.40%	0.74%	1.44%	No new borrowings were taken up during the year with only repayments for the existing loan.
	Indebtedness									
O4	Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	25.48%	16.72%	16.35%	19.91%	16.36%	26.07%	24.44%	25.83%	The timing for landfill rehabilitation works has increased the non-current provision for the landfill Rehabilitation.
	Asset renewal									
O5	Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	New in 2020	New in 2020	136.06%	244.96%	155.28%	122.23%	128.67%	

East Gippsland Shire Council
Performance Statement
For the year ended 30 June 2020

	Dimension/ <i>indicator</i> /measure	Results				Forecasts				Material Variations and Comments
		2017	2018	2019	2020	2021	2022	2023	2024	
OP1	Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	7.25%	7.06%	4.34%	9.78%	-2.33%	0.22%	1.80%	0.08%	There was a significant increase in operating grants and user fees as a result of funding for bushfire support projects and waste fees for the use of the reopened Orbost landfill to accept bushfire waste. There was \$9.3 million of unspent operating grants at year end as the work associated with these grants will not be completed until the 2020-21 year. The surplus of the additional waste income from bushfire clean-up will be held in a discretionary reserve for funding future aftercare works at the landfill sites.
S1	Stability Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	54.25%	57.85%	59.64%	49.85%	54.92%	61.80%	62.39%	64.08%	As a result of the additional operating grants relating to the bushfires in 2019-20 and drought assistance, together with the additional user fees from the bushfire waste disposal, the rates as a percentage of adjusted underlying revenue reduced.
S2	Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.56%	0.57%	0.57%	0.55%	0.54%	0.54%	0.54%	0.54%	No material variations.

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2020

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 2020

	Retired measures	Results				Material Variations and Comments
	Service/ <i>indicator</i> /measure	2017	2018	2019		
	Animal Management					
AM4	Health and Safety					
	<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	1.00	7.00	2.00	Retired in 2020	This measure was replaced by AM7 from 1 July 2019.
	Efficiency					
E1	Revenue level					
	<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,582.84	\$1,642.79	\$1,689.12	Retired in 2020	This measure was replaced by E4 from 1 July 2019.
	Obligations					
O1	Asset renewal					
	<i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x 100	89.95%	71.86%	112.51%	Retired in 2020	This measure was replaced by O5 from 1 July 2019.

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2020

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 August 2020 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

Performance Statement

For the year ended 30 June 2020

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



Elizabeth Collins, CPA
Principal Accounting Officer
Dated: 18 September 2020

In our opinion, the accompanying performance statement of the East Gippsland Shire Council for the year ended 30 June 2020 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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

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

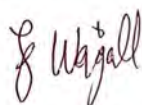
We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.



Councillor Joe Rettino
Councillor
Dated: 18 September 2020



Councillor Colin Toohey
Councillor
Dated: 18 September 2020



Fiona Weigall
Acting Chief Executive Officer
Dated: 18 September 2020

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2020



Victorian Auditor-General's Office

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 2020 • sustainable capacity indicators for the year ended 30 June 2020 • service performance indicators for the year ended 30 June 2020 • financial performance indicators for the year ended 30 June 2020 • notes to the performance statement and • the 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 2020 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.
Basis for Opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the performance statement	The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.
Auditor's responsibilities for the audit of the performance statement	As required by the <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

East Gippsland Shire Council

Performance Statement

For the year ended 30 June 2020

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

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

MELBOURNE
25 September 2020



Sanchu Chummar

as delegate for the Auditor-General of Victoria

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National Relay Service: 133 677

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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