

East Gippsland Shire Council

Annual Report

2011/12



What is the Annual Report?

East Gippsland Shire Council is committed to transparent reporting and accountability to its community. The 2011/2012 Annual Report details Council's activities, achievements, challenges and financial performance during the 2011/12 financial year, and informs the community on how the commitments set out in the *Council Plan 2009-2013* and the *2011/12 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 2011 to 30 June 2012*.

Reporting framework

The *Council Plan 2009-2013* details Council's vision, values and how it will deliver the strategic priorities identified in the community's *2030 Vision - Unlocking the Future*.

The plan gives a clear direction to the organisation about specific outcomes to be pursued over the four-year period. Full year results on Council's progress against these outcomes can be found in Section two: Performance against the Council Plan 2009-2013.

Where to get a copy

You can view a printed copy of the full Annual Report at any East Gippsland Shire Council Library/Business Centre, or download a copy from Council's website. If you would like a copy of the full report sent to you, please contact our Citizen Service Centre.

This year we have also produced a printed summary, available in the same way and from the same places as the full Annual Report.

Contact us

This document contains important information about East Gippsland Shire Council. If you do not understand the content or would like further information, please contact us in one of the following ways:

Telephone

Residents' Information Line 1300 555 886
Citizen Service Centre: (03) 5153 9500 (open 8.30 am to 5.00 pm Monday to Friday)

Hearing or speech impaired customers
Contact Council through the National Relay Service on 133 677.

Post

Write to us at:
East Gippsland Shire Council
PO Box 1618
Bairnsdale 3875 Australia

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

In person

Visit us at
Bairnsdale - Corporate Centre: 273 Main Street
Lakes Entrance - Library/Business Centre: 18 Mechanics Street
Omeo - Library/Business Centre: 179 Day Avenue
Orbost - Library/Business Centre: 1 Ruskin Street
Paynesville - Library/Business Centre: 55 The Esplanade

Outreach Centres

Bendoc Outreach Centre
Buchan Resource Centre
Cann River Community Centre

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How to read this Annual Report

This Annual Report is presented in three sections:

- Overview of Council
- Performance against the Council Plan 2009-2013
- Financial performance

1. Overview of Council

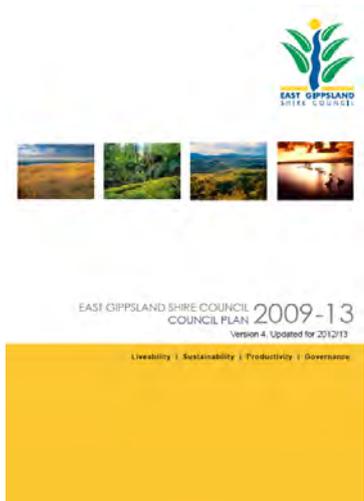
This section includes:

- summaries of Council's achievements, highlights for the year and looking ahead;
- a summary of our financial performance; and
- information about East Gippsland, our Council and our organisation.

2. Performance against the Council Plan 2009-2013

This section provides more information about:

- the status and outcomes of the commitments made in the Council Plan;
- highlights, challenges and looking ahead to deliver these commitments; and
- Council's overall performance against the Plan.



Status

Council's progress against each commitment is shown by the following symbols:

Target Achieved/Completed (✓)

Commenced and progressing to achieve target (→)

Delayed (X)

Where an action is delayed, an explanation of what is causing the delay is given.

3. Financial performance

This section of the Annual Report shows how East Gippsland Shire Council performed financially from 1 July 2011 to 30 June 2012. It also shows the overall financial position of Council as at 30 June 2012.

The financial report contains four sections:

- Summary Report
- Financial Statements
- Notes to the Accounts
- Standard Statements

Section One

Overview of Council

Our vision

This report shows how Council is delivering its vision to “work with the community to ensure a sustainable future through liveable and productive communities supported by a healthy environment”.

This statement of purpose was made by the Council elected in November 2008.

Values

East Gippsland Shire Council is committed to achieving the strategic outcomes outlined in the community vision document 2030 – Unlocking the Future through the following values:

- Leadership
- Sustainability
- Transparency
- Accountability
- Engagement
- Innovation
- Social Responsibility
- Financial Responsibility
- Strategic Thinking
- Responsiveness
- Respect
- Equity

Summary of highlights 2011/12

Liveability										
Goal	Achievements	Challenges and Looking Ahead	Community Satisfaction Results	Progress toward target						
<p>Strong and vibrant communities create healthy, productive and fulfilling places to live.</p>	<ul style="list-style-type: none"> • Council's library service was transferred to a place-based model, delivering a larger range of services that are more flexible and responsive to the needs of individual communities. • Community consultation took place to develop concept plans for the re-development of the Bairnsdale Library. • Banking services have been kept in the Omeo region through a Westpac banking agency in Council's Omeo Service Centre. • An ongoing partnership with the East Gippsland Aboriginal Arts Corporation to exhibit local Aboriginal artwork in the Brabuwooloon Gallery. • Council partnered with artists, performers, galleries and venues to deliver events as part of the highly successful <i>Creative Gippsland Be Inspired</i> festival. The festival is a cross-border initiative between the six neighbouring Councils in Gippsland. • The Let's GET Connected project implemented 42 new and improved public bus services between Marlo and Bairnsdale at peak commuter times, benefiting more than 20 townships. • Victoria's high country towns have been linked with public transport for the first time. A Permanent bus service has been established between Omeo and Bright (the Alps Bus Link) after a successful trial run by Council. The service is funded by Public Transport Victoria. • Council became a signatory to the Gippsland Youth Commitment, supporting young people across the region with employment and education opportunities. 	<p>Challenges</p> <ul style="list-style-type: none"> • Working with the community to develop resilience in emergencies, with a focus on vulnerable persons. • Rapid advances in the development of new technology and increased demand within our communities for these services. • Changes to Victorian Government laws for health services. <p>Looking ahead</p> <ul style="list-style-type: none"> • Construction of the All Abilities Playground in Bairnsdale. An accessible themed play space that reflects East Gippsland's landscape and major regional activities. Jointly funded by Council, the Victorian Government and from community fundraising. • Implementation of the Access and Mobility Plan. The plan will guide the development of footpath infrastructure in East Gippsland over the next 10 years. • Re-development of the Bairnsdale Library. • Establish a Service Centre to serve Mallacoota and surrounds. • Development of further flood plans for the Nicholson, Tambo, Bemm and Cann River catchments. • Implementation of first year actions of the adopted Community Plans. • Review and update the Municipal Public Health and Wellbeing Plan. 	<p>Community satisfaction rating on the appearance of public places*</p> <table border="1"> <caption>Community Satisfaction Rating Data</caption> <thead> <tr> <th>Entity</th> <th>Index Score (2012)</th> </tr> </thead> <tbody> <tr> <td>East Gippsland Shire Council</td> <td>71</td> </tr> <tr> <td>Large Rural Councils average</td> <td>70</td> </tr> </tbody> </table>	Entity	Index Score (2012)	East Gippsland Shire Council	71	Large Rural Councils average	70	<p>→</p> <p>Of the 36 activities aligned to this commitment in 2011/12, 25% are complete and 69% are progressing toward target.</p>
Entity	Index Score (2012)									
East Gippsland Shire Council	71									
Large Rural Councils average	70									

Sustainability										
Goal	Achievements	Challenges and Looking Ahead	Community Satisfaction Results	Progress toward target						
<p>Proactive leadership and strategic partnerships protect and enhance our quality environment.</p>	<ul style="list-style-type: none"> • Parks and gardens services and waste operations are now provided by Council staff, delivering a more responsive service to the community. • Energy audits were completed on major Council owned and managed buildings and facilities. Plans have been developed to reduce energy use, costs and Council's carbon footprint. • A Carbon Tax Forum was attended by 80 local businesses to help them develop and improve their sustainability practices. • East Gippsland's Roadside Vegetation Strategy was updated. The reviewed strategy supports Council's environmental obligations and assists fire-management planning. The strategy also links to the Native Vegetation Awareness Program, training employees and contractors in plant recognition and vegetation management. • Amendments were made to the East Gippsland Planning Scheme in response to concerns raised by the development industry. • A Land Use Plan was commissioned for the Twin Rivers region, with input from the local community. The plan provides a new framework to guide development for the next 20 years in the townships and surrounds of Nicholson, Johnsonville and Swan Reach. 	<p>Challenges</p> <ul style="list-style-type: none"> • Heavy rainfall and three significant flood events (Aug 2011, March 2012 and June 2012) resulted in Shire-wide damage, to a degree not experienced for over 20 years. The June 2012 flood repair works are still being carried out. • Remoteness of communities and extent of distances within the municipality. • An increasing level of expectation by the community will need to be addressed through better and more efficient use of resources. • The rising cost of the Victorian Government's Environmental Levy. Programs need to be developed to encourage the community to recycle to reduce the amount of waste delivered to landfills. • The need to better understand and plan for the effects of global warming, to prepare for increased frequency and severity of events. <p>Looking ahead</p> <ul style="list-style-type: none"> • Review the Environmental Sustainability Strategy. • Improvements to the appearance of reserves across the Shire, including playground areas and upgrades to the condition of walking tracks. • Upgrades to key urban garden areas across the municipality, with particular emphasis on returning the Bairnsdale Main Street Gardens to their former glory. • Working with partner agencies to ensure consistent management of adjoining land areas. • Investigating the use of more durable gravel road pavement material. • Change-over to energy efficient street lights. 	<p>Community satisfaction on Waste Management*</p> <table border="1"> <caption>Community satisfaction on Waste Management*</caption> <thead> <tr> <th>Entity</th> <th>Score (2012)</th> </tr> </thead> <tbody> <tr> <td>East Gippsland Shire Council Index Score</td> <td>71</td> </tr> <tr> <td>Large Rural Councils average index score</td> <td>69</td> </tr> </tbody> </table>	Entity	Score (2012)	East Gippsland Shire Council Index Score	71	Large Rural Councils average index score	69	<p>→</p> <p>Of the 21 activities aligned to this commitment in 2011/12, 24% are complete and 67% are progressing toward target.</p>
Entity	Score (2012)									
East Gippsland Shire Council Index Score	71									
Large Rural Councils average index score	69									

Productivity										
Goal	Achievements	Looking Ahead	Community Satisfaction Results	Progress toward target						
Investment and visitation develop a sustainable and prosperous economy.	<ul style="list-style-type: none"> A major agreement was signed with Stockman Pty Ltd mining company to develop the Stockman Project near Benambra. The project has the potential to deliver significant local employment and business opportunities for the region. The agreement is the first of its kind between East Gippsland Shire Council and private enterprise. A number of forums and training opportunities were facilitated by Council, including a lunch for 180 local business leaders with the Premier of Victoria, The Hon Ted Baillieu MLA; a carbon-tax forum; and business breakfasts in Mallacoota and Omeo to give local businesses the opportunity to discuss issues with Council representatives. Successfully secured a share of the Department of Defence Air Training School contract. Minimised the economic loss to tourism in the region during the blue-green algae outbreak through pro-active communication and engagement strategies, developed in partnership with East Gippsland Marketing, Destination Gippsland and the East Gippsland Regional Business and Tourism Association. Commissioned an independent review of East Gippsland's visitor information services and adopted the recommendations of the review. 	<p>Challenges</p> <ul style="list-style-type: none"> Environmental challenges such as algal blooms and major flood events, and the resulting economic impact on local businesses and Council. Significant challenges associated with an uncertain economic environment and the uncertainty associated with changes to carbon pricing. <p>Looking ahead</p> <ul style="list-style-type: none"> Continued support for growth in key employment and business sectors, identifying locations for business and industrial growth. Continuing to advocate for the retention and expansion of education and training services in East Gippsland. Implementation of the actions and outcomes from the Cycle Tourism Action Plan. Changes to the way Council offers its visitor information services, including the co-location of the Omeo service in Council's Omeo Service Centre and Library. 	<p>Community satisfaction rating for Business and Community Development and Tourism*</p> <table border="1"> <caption>Community Satisfaction Rating Data</caption> <thead> <tr> <th>Entity</th> <th>Index Score (2012)</th> </tr> </thead> <tbody> <tr> <td>East Gippsland Shire Council</td> <td>62</td> </tr> <tr> <td>Large Rural Councils average</td> <td>61</td> </tr> </tbody> </table>	Entity	Index Score (2012)	East Gippsland Shire Council	62	Large Rural Councils average	61	<p>→</p> <p>Of the 18 activities aligned to this commitment in 2011/12, 72% are complete and 22% are progressing toward target.</p>
Entity	Index Score (2012)									
East Gippsland Shire Council	62									
Large Rural Councils average	61									

Governance										
Goal	Achievements	Challenges and Looking Ahead	Community Satisfaction Results	Progress toward target						
Strong leadership and prudent management of democratic and legislative requirements deliver good governance outcomes.	<ul style="list-style-type: none"> Councillors and Council officers attended numerous public events to listen to the views of our community. As part of Council's on-going community engagement process, most districts established local community planning partnership groups. A Community Engagement Policy and Guidelines have been developed with over 30 staff trained in contemporary engagement practices. A corporate Visual Style Guide has been put in place, ensuring higher quality publications and greater recognition of our corporate brand across the region. Council's new corporate website was launched in December 2011, providing increased functionality and opportunity for community engagement. 	<p>Challenges</p> <ul style="list-style-type: none"> Attracting and retaining suitable staff. An ageing population and high number of retirees means that traditional forms of communication (print media, radio, publications and interpersonal) need to be maintained, while electronic communications are further developed. <p>Looking ahead</p> <ul style="list-style-type: none"> Review of our contracts and tendering processes. A comprehensive review and refresh of Council's Integrated Communication Strategy, introduced in 2010. 	<p>Performance of Council across all responsibility areas over the last 12 months*</p> <table border="1"> <caption>Performance of Council across all responsibility areas over the last 12 months*</caption> <thead> <tr> <th>Entity</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>East Gippsland Shire Council Index Score 2012</td> <td>58</td> </tr> <tr> <td>Large Rural Councils average index score 2012</td> <td>56</td> </tr> </tbody> </table>	Entity	Score	East Gippsland Shire Council Index Score 2012	58	Large Rural Councils average index score 2012	56	<p>→</p> <p>Of the 18 activities aligned to this commitment, 61% are complete and 33% are progressing toward target.</p>
Entity	Score									
East Gippsland Shire Council Index Score 2012	58									
Large Rural Councils average index score 2012	56									

* Changes to the Local Government Victoria Community Satisfaction Survey methodology in 2012 may present performance results that are misaligned to previous years. Further explanation about these changes and information on how to read these results can be found under *Community Satisfaction Survey 2012* in Section Two: Performance against the Council Plan 2009-2012.

A message from the Mayor



The 2011/2012 Annual Report marks the final year of this Council's term, and while there have been a number of challenges, the past year has been a period of significant achievement by Council, whilst maintaining a sound financial position.

Council is responsible for managing and delivering a wide range of services from roads and waste management, to planning, libraries, marinas, events, recreational facilities, caravan parks, health, visitor information, arts, emergency management, tourism and caring for our parks and gardens.

With our region's population expanding, and our community's expectations for high quality services increasing, Council has a challenging role to sustain the level of liveability, sustainability and productivity for our residents into the future.

This year's Annual Report provides details of the year's many highlights as we strive to maintain and improve the East Gippsland region, guided by the four-year plan adopted by this Council that outlines the shared vision and objectives of Councillors.

The 2011/12 Budget contained one of the largest Capital Works program this Shire has ever seen, with \$38.1 million allocated to a list of important projects across the region, detailed within this Annual Report.

Service levels have been maintained and our level of responsiveness has been improved by bringing several currently outsourced service contracts back in-house under Council's management.

Our level of community engagement has continued to rise, with Council intensively engaging and consulting with communities across the Shire to develop Community Plans. In each case community meetings, local workshops, forums and other opportunities have been developed, to involve as many people as possible in working with Council to determine the future aspirations and priorities of their communities.

Advocacy remains a crucial role for Local Government in representing the needs of the community and to achieve local and regional improvements. Within our Council Plan, there are a number of actions that highlight the importance of Council's commitment to advocating on behalf of its residents and working in partnership with other agencies for improved services and outcomes.

Finally, thank you to my fellow Councillors, our Chief Executive Officer Steve Kozlowski and his staff in supporting this Council in working hard to ensure that the needs of our communities and residents throughout East Gippsland are being met.

A handwritten signature in black ink, which appears to read 'R. Ellis'.

Cr Richard Ellis
Mayor

A message from the Chief Executive Officer



The 2011/12 period was one of notable organisational change for the Shire. This saw the implementation of a significant Council decision to move from contract-based to in-house delivery of Parks and Gardens, Tree Maintenance and Waste Transfer Station services across the municipality.

This initiative was conceived to drive increased responsiveness and levels of service, contribute to local economic activity, provide local employment opportunities and cost savings. A new works unit was created, with an additional 25 staff. The new in-house team commenced in September 2011, with main service centres established at Kalimna West and Orbost. In addition, multi-skilled work teams were established in Mallacoota and Omeo.

The benefits of our motivated workforce across the organisation were confirmed in the pleasing results of customer satisfaction surveys undertaken during the 2011/12 period.

While Council's long-term financial position remains sound, the 2011/12 financial year brought its challenges through external factors beyond the control of Council. These included natural disasters, unfunded superannuation liabilities and increased government regulation for waste and rehabilitation of old landfills.

This has required strategic financial planning and management, which has enabled us to maintain existing service levels and long-term financial sustainability in an ever-changing climate.

Despite these financial challenges, there was a minimal rate increase of 5.91%, which is at the mid to lower end of increases for Councils in Victoria. Municipal Association of Victoria research findings show that East Gippsland Shire has been well below the average rate per assessment across all large rural shires in Victoria for some years now. Council had also taken into consideration issues facing the farming community and raised the farm rate discount from 5 to 10%.

Revenue for local governments is derived primarily from rates and grants, with fees and charges being a relatively minor source of income. Council will continue to vigorously pursue external funding opportunities and grants to minimise the rate impact as much as possible, whilst meeting the needs of our communities.

Council staff have delivered a number of projects above and beyond the services and initiatives planned for the year in response to changing community needs, emergency events and external challenges and I thank all staff for their dedication and proficiency. I also extend my gratitude to our nine Councillors who have provided sound guidance in representing the residents and ratepayers of East Gippsland during their elected term.

A handwritten signature in black ink, appearing to read 'Steve Kozlowski'. The signature is stylized and fluid, with a long horizontal line extending to the right.

Steve Kozlowski
Chief Executive Officer

Summary of financial performance

The Annual Report provides an opportunity to reflect on the past year and the challenges that East Gippsland Shire Council has faced. The end of year financial statements contained within this report clearly reflect a number of those challenges.

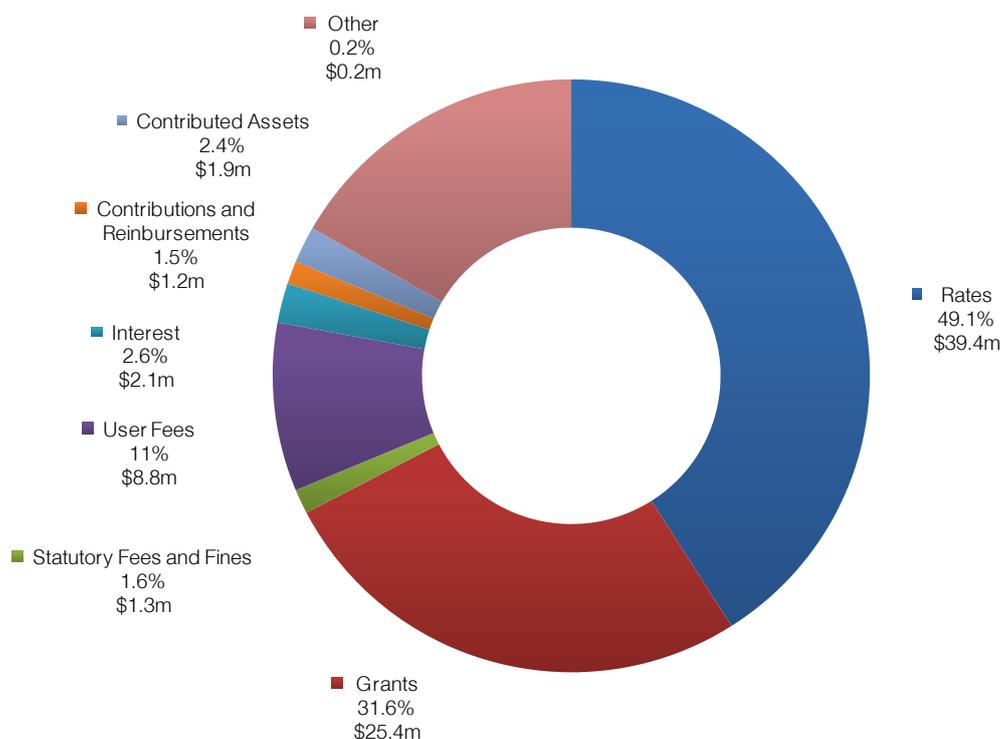
When Council adopted its 2011/12 Budget in June 2011, it anticipated an operating surplus of \$15.5 million and an underlying deficit of \$1.9 million. The Budget provided for an operating expenditure of \$68.9 million with an end of year debt level of \$9.8 million and a capital budget of \$38.1 million.

By the end of the 2011/12 financial year, these forecast results had been affected adversely by a range of issues outside Council's control. However, after taking into consideration these one-off unexpected items, the financial performance of the organisation was very strong and all financial performance measures would have otherwise been met.

In operational terms, income and expenditure can be summarised as follows:

Where does the money come from?

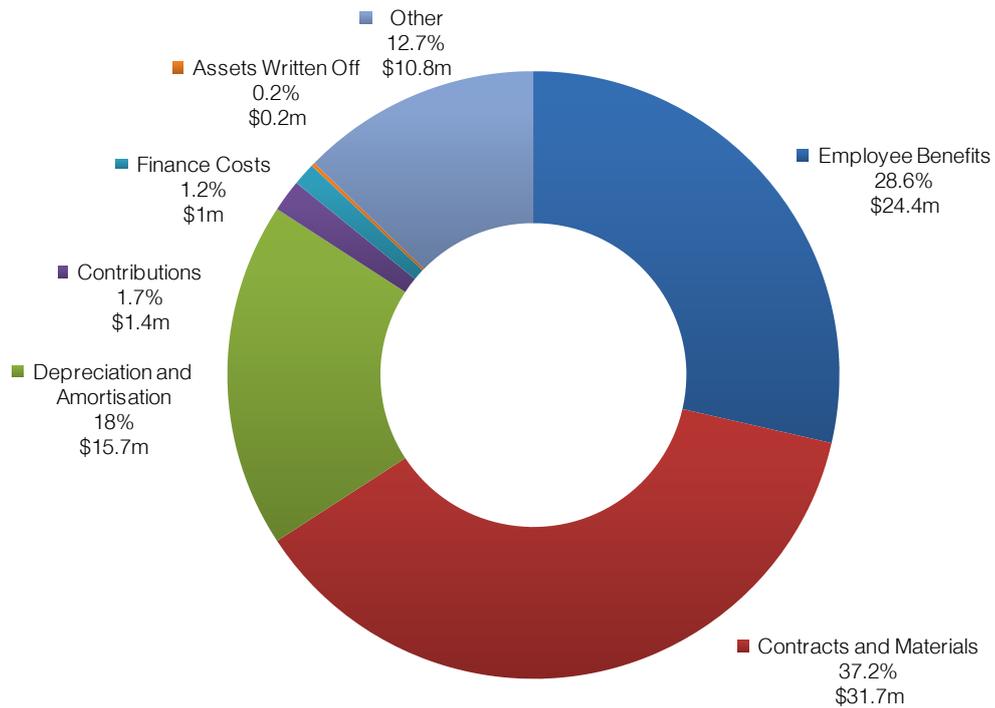
The following graph shows Council's main income streams:



Total Income for 2011/12: \$80.3 million

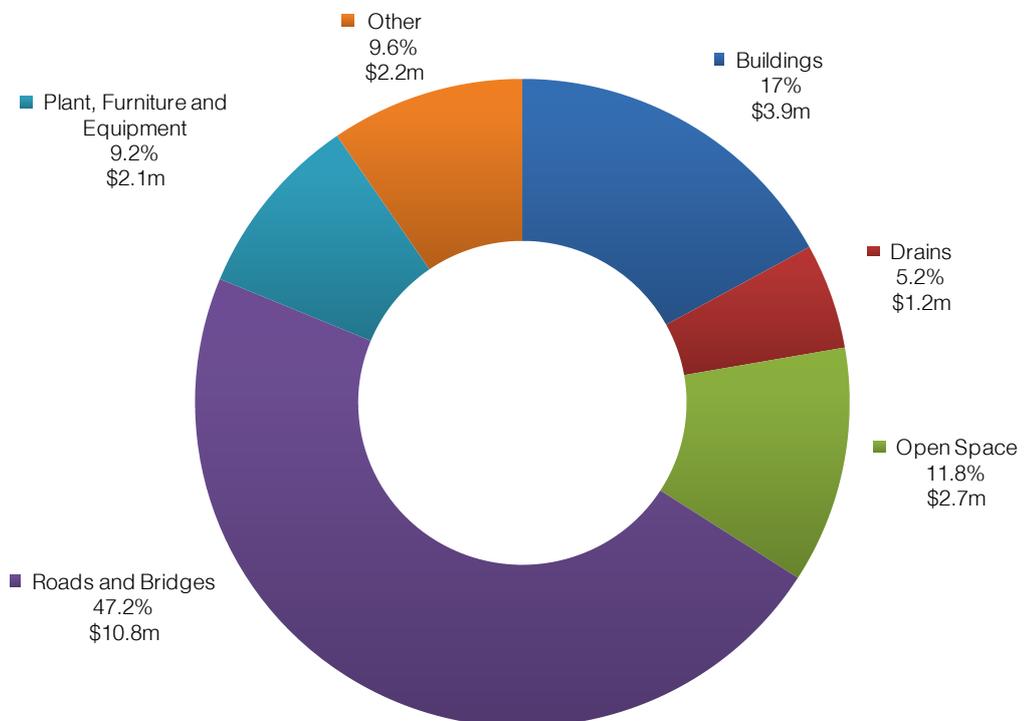
How is the money spent?

The following graph shows Council's primary areas of expenditure:



Total expenditure for 2011/12: \$85.2 million

For capital expenditure, the following was spent in the major expenditure categories:



Total capital expenditure for 2011/12: \$22.9 million

The organisation's debt level was \$9.8 million comprising \$1.8 million of old debt and \$8.0 million relating to the Tambo Bluff Infrastructure Project, reimbursed by Tambo Bluff landowners.

The most significant contributors to the end result have been:

- not all the non-recurrent income (capital grants and contributions) budgeted was received;
- requirement to recognise an extraordinarily high one-off superannuation contribution to meet a fund shortfall in the Local Authorities Superannuation Fund (LASF), Defined Benefits Scheme;
- three significant flood events occurred within the municipality that affected maintenance expenditure levels and impacted on availability of contractors for some capital works projects;
- the impact of increasingly onerous State Government waste management requirements with one-off recognition required for the rehabilitation costs of identified legacy landfills; and
- an advance payment of one quarter of the expected Federal Assistance Grant (FAG) from 2012/13 financial year totalling additional income of \$3.5 million.

Capital grants and contributions

At the start of the financial year, Council forecast that it would receive \$14.4 million of capital grants and contributions. Unfortunately, a number of those grants were not obtained and still other grants were deferred. This has resulted in a shortfall of approximately \$9.0 million, of which the largest contributor was the delay in approval of funding for the Bastion Point, Mallacoota ocean access boat ramp (\$6.2 million) due to a State Government review of the project. Additional explanation in relation to the grants can be found in the standard statements in *Section Three: Financial Report for the Year Ended 30 June 2012*.

Contribution to Defined Benefits Superannuation Plan

Council's operating result was also adversely affected by the recognition of an additional compulsory one off contribution to the LASF Defined Benefits Plan.

Prior to 1993, Council employees in Victoria were able to join the defined benefit superannuation fund, into which both Council and employees contributed. This fund was closed to new employees in 1993 and Victorian Councils retain responsibility for ensuring the fund remains solvent under Australia Prudential Regulatory Authority (APRA) requirements.

The fund was assessed by the actuary as at 31 December 2011 and it was determined that it was under-funded by \$453 million at that time. Additional contributions have subsequently been required of member Councils, with East Gippsland Shire Council's share being \$3.8 million. As the shortfall was identified during the 2011/12 financial year, Council must recognise the expense in its financial statements.

Flood events

Also during the year, East Gippsland experienced three significant flood events (natural disasters). The first occurred in August 2011, followed by an event in March 2012 and another in June. The combined cost to Council of these three events has exceeded \$14.0 million to date. It is anticipated Council will receive full funding from the Victorian Government towards the repatriation of the damaged assets. However, prior to the end of the 2011/12 year Council had not received any Victorian Government funding, despite having expended \$3.4 million. There was some adverse impact on the capacity to deliver capital works projects with priority being given to flood rehabilitation works.

Landfill rehabilitation

Council was required to bring to account the future costs associated with the rehabilitation of its retired Bosworth Road, Bairnsdale landfill facility. The costs associated with the future rehabilitation of the landfill site were identified within the 2012/13 Capital Works budget, which has resulted in Council having to expense the future works for the site in the current financial year in accordance with accounting standards. This future liability to Council is estimated to be \$5.4 million over the next few years and this has been expensed in Councils Comprehensive Income Statement.

Federal assistance grant early payment

Finally, all Australian Councils received an advance payment of one quarter of the anticipated Federal Assistance Grant for 2012/13 prior to 30 June 2012. This added an extra \$3.5 million revenue to Council but is likely only to be a timing issue as the FAG grant for 2012/13 will be \$3.5 million less than budgeted.

End of year result

Each of these major items - the shortfall in capital income, the requirement for an additional superannuation contribution, natural disaster costs and the landfill rehabilitation expense – have impacted significantly on Council's end of year position, resulting in a deficit of \$4.977 million and an underlying deficit of \$10.557 million. All other things being equal, excluding these major one off items, the result would have been a surplus of \$4.3 million and an underlying deficit of \$1.3 million which then compares favourably to the expected 2011/12 Budget outcomes.

Financial sustainability

It is important to realise that two of the significant issues identified above - the deferral of grant funding and expenditure on natural disasters - are simply timing issues that do not impact Council's long-term financial position.

The increased costs associated with Council's legacy landfills that are recognised in the statements have been identified in Councils budget process and are already accommodated in Council's long-term financial plan. Council has proactively applied specific increases to rate revenue over the 2010/11, 2011/12 and 2012/13 financial years to ensure funds are available to meet these costs.

The funding of defined benefits superannuation scheme shortfalls is not currently part of Council's long-term financial plan, given their relative unpredictability. However, options exist for Council to address this and these will be considered as part of the Councils 2013/14 budget development.

Setting aside the challenges of 2011/12, Council's long-term financial plan provides for some very positive outcomes for East Gippslanders. For example, it provides for the retirement of 'old' debt by 30 June 2015. It also provides for 100 percent funding of asset renewal based on their current consumption, and a projected cash position that remains sound into future years.

In conclusion, although the 2011/12 year's results have been adversely affected by the significant issues discussed above, Council's long-term financial plan and its financial sustainability remain pleasingly sound.

Our region, our people, our diversity

East Gippsland Shire Council acknowledges the Gunaikurnai nation and the Bidjawal (Bidwell) people as the traditional custodians of this land.

East Gippsland has a beautiful and bountiful environment, an engaged community and an economy that offers many opportunities. As we move into the future, we want to retain all that is special about our region. We want to be informed, effective and responsive to meet the challenges of the future.

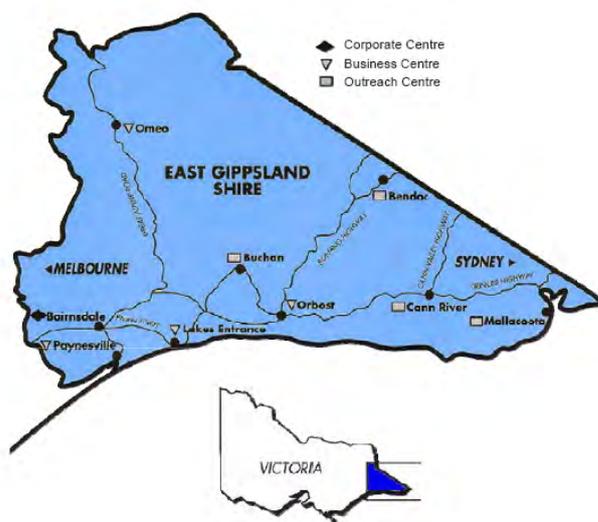
Our region

East Gippsland is a major geographic and economic region in eastern Victoria. The Shire stretches from west of Bairnsdale to the New South Wales border, covering over 21,000 square kilometres or 10 per cent of the state.

The region is made up of substantial areas of national park, state park, lakes, rivers and coastal areas and is home to Australia's largest navigable inland water system – the Gippsland Lakes. A large section of the eastern coast is known as Australia's Coastal Wilderness, which, together with the Australian Alps, is recognised by Tourism Australia as two of eight national landscapes. The combination of wonderful coastline scenery, a lakes and river system of international regard, rugged high country, fertile productive rural land and abundant fish reserves provide a strong resource base and recreational opportunities for the region.

With over 40 diverse localities, the region can be seen as a patchwork of communities, each with individual features and characteristics to be recognised and marketed. Each township or community has its own distinct heritage, tourist attractions and economic focus.

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



Our people

In the past decade, the population growth for East Gippsland has remained higher than the average for regional Victoria. The current estimated population of the region is 44,883, as at 30 June 2012.

The current average age of East Gippsland residents is 47 years; however, there is an ongoing shift in population distribution to the 60+ age group, which represents 31.8 per cent of our

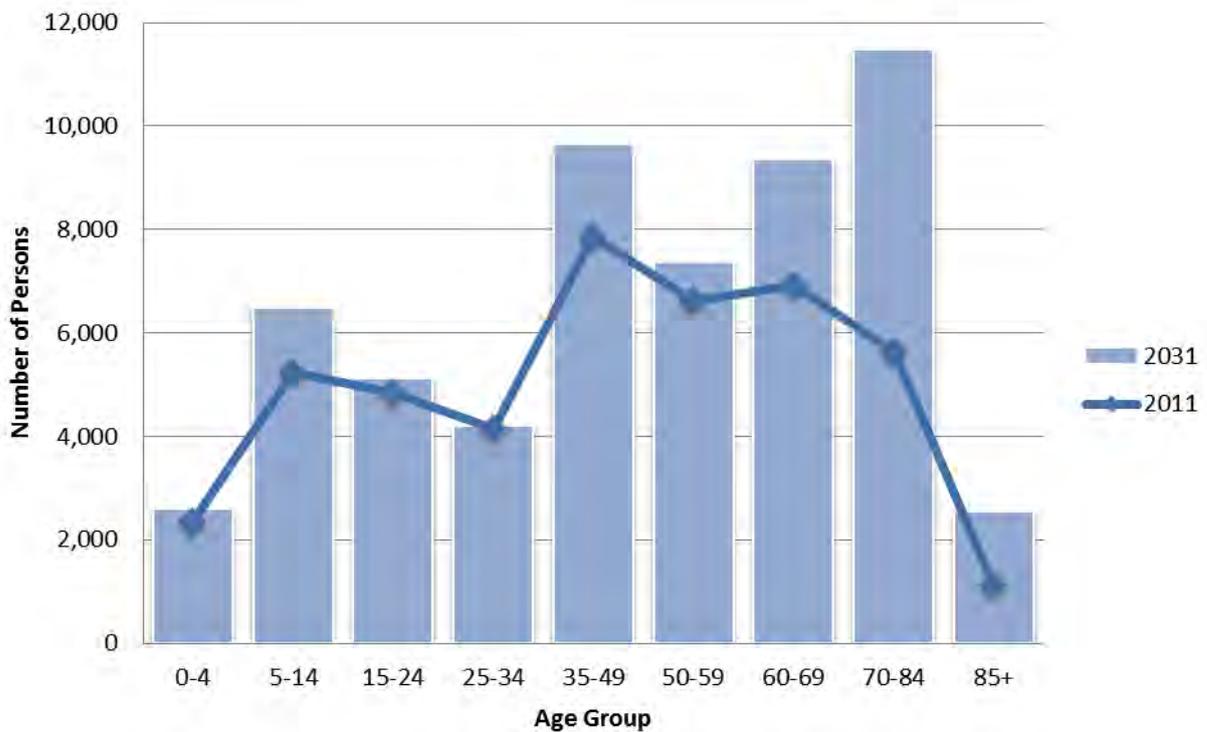
population. By 2021, 45 per cent of the population in East Gippsland is expected to be aged 60+ years. By contrast, 10 per cent of the current population is within the 15-24 years age bracket and this proportion is declining.

The population of East Gippsland is unevenly distributed, with a concentration around the Gippsland Lakes in the south-west and relatively sparsely settled areas elsewhere. Bairnsdale is the region’s major commercial and service centre with a population of over 13,700.

East Gippslanders report a higher than average Personal Wellbeing Index, an indicator of how satisfied residents are across a range of factors including health, safety, personal achievement, relationships and future security. (Source: Community Indicators Victoria)

The region has a significant Aboriginal population, representing 3.2 per cent of the total population. East Gippsland’s Aboriginal population is amongst the top five in Victoria. (Source: Community Profile, profile.id®)

Forecast changes in the age profile of East Gippsland’s population



Source: Department of Planning and Community Development Victoria in Future Report for East Gippsland 2012

Population: **2011** 44,680
 2031 58,808

Source: Victoria in Future 2012 - Population and Household Projections 2011–2031 for Victoria and its Regions, Department of Planning and Community Development, April 2012.

Our heritage

Evidence of human occupation at Cloggs Cave, near Buchan, has been dated at up to 17,000 years ago.

The original inhabitants of East Gippsland were the indigenous Gunaikurnai nation, who bordered on the lands of the Bidhawal (Bidwell) people to the east around Cann River and Mallacoota. The historical Bataluk Cultural Trail follows significant traditional routes used by the Gunaikurnai.

European settlement dates from the 1830s, with land used mainly for sheep and cattle grazing and timber. Spurred by gold discoveries, growth took place in the 1850s and 1860s. Substantial growth occurred from the 1880s, as settlement spread into the more marginal forests and hills.

Expansion continued during the early 1900s and during the post-war years. The population increased slightly from the early 1990s, rising from nearly 38,000 in 1991 to over 41,000 in 2006. Within this period, the population was relatively stable between 1996 and 2001. (Source: Community Profile)

'East Gippsland' is the eastern part of the Gippsland region, named after Sir George Gipps, former Governor of New South Wales. The major commercial centre, Bairnsdale, was proclaimed a city in July 1990. The region is now a major tourism destination, drawing over one million visitors each year.

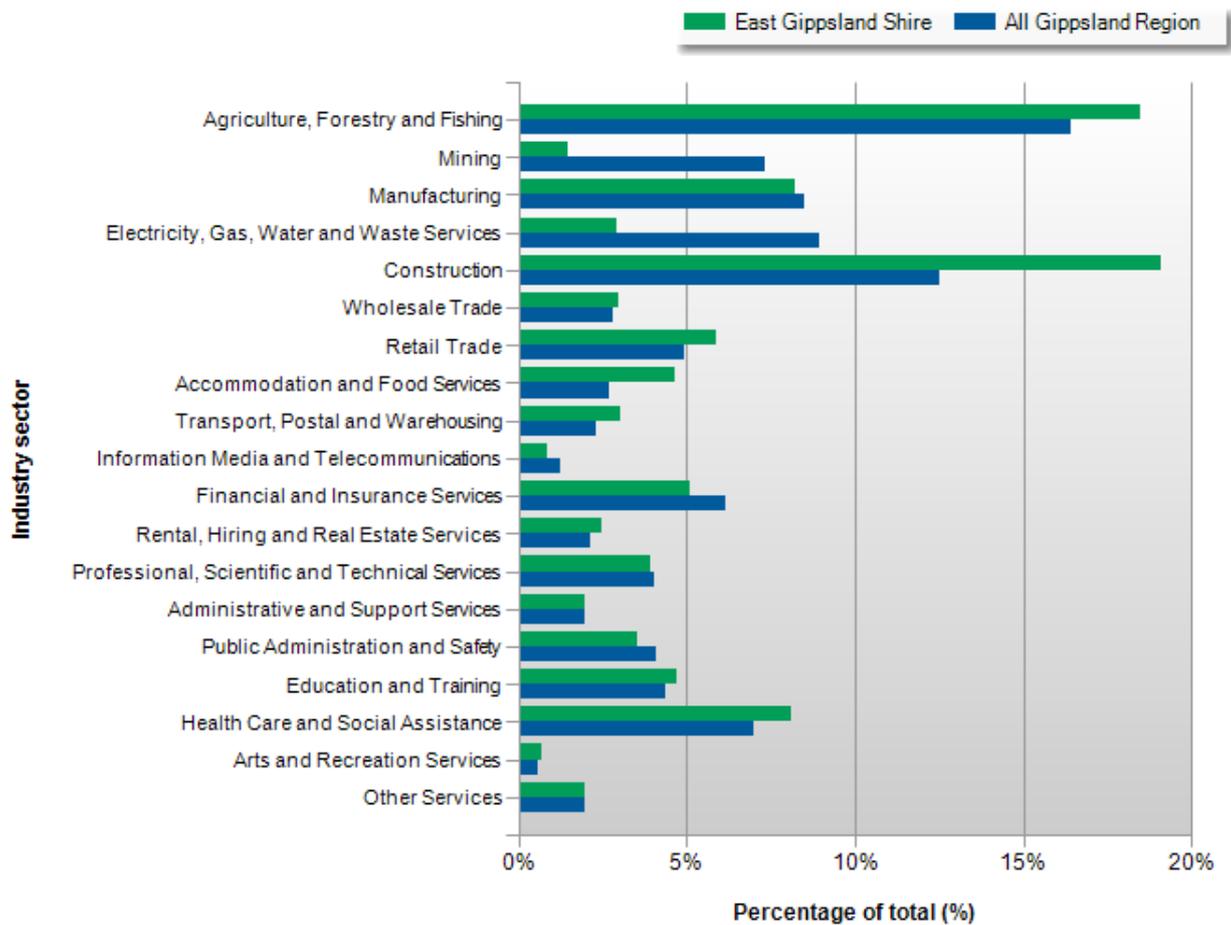
Our diversity

The major geographic and economic region in eastern Victoria, East Gippsland offers a strong competitive advantage with its diverse population and industry profile, growing economy and stable labour force. East Gippsland's economy, like the region itself, is diverse and robust.

An abundance of primary produce and natural resources along with good transport and logistics, affordable housing, ample water, good physical and telecommunications infrastructure and plentiful land supply add to the region's competitive advantages. The six strongest industry sectors by financial output are manufacturing; construction; agriculture, forestry and fishing; retail trade; and property and business services.

Some of Australia's leading brands and businesses operate from East Gippsland including the world's largest pie manufacturer, Patties Foods Ltd, which began as a Lakes Entrance cake shop in 1966. Australia's largest trawling fishing fleet and largest fresh cut horticulture business, One Harvest Vegco Innovation, is also strong in East Gippsland. A range of businesses and consultants base themselves in the region, using communications technology to service their customers around the world. (Source: Economic Profile, economy.id®)

**Value added by industry sector, East Gippsland Shire and All Gippsland Region 2011
(ANZSIC 2006 - Latest industry classification)**



Source: National Institute of Economic and Industry Research (NIEIR) ©2011 Please note that NIEIR modelled estimates are subject to change and review for the most recent two financial years.
Modelled data - All \$ values are represented in constant 2008-09 year dollars

Your Council

How the Council works

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 sets out the role of Council as an elected body to provide leadership for the good governance of East Gippsland. Council's elected members and employees work within a range of systems and processes, to ensure they comply with the Act and follow good business practice.

Council is responsible for setting the organisation's direction and monitoring its performance on behalf of the community.

The primary goal of East Gippsland Shire Council is to achieve the best outcomes for its local community. It does this by striving to:

- provide a wide range of services and facilities, and support many others;
- protect the community, making sure the environment is safe and clean;
- prevent things that cause harm to the community, such as disease, noise and pollution;
- plan for the future of the community;
- represent the needs and desires of local communities to the wider community, other levels of government and other organisations; and
- provide open, responsive and accountable governance, ensuring the resources available are used fairly, efficiently and effectively.

Corporate governance

Corporate governance ensures that Council operates in an open, honest, communicative and accountable manner. Our sound governance practices guide the way we consult and communicate with our community and how Council represents the community on important advocacy issues. Corporate governance also includes identification and response to risks, maintenance of sound financial management practices, adherence to legislation, facilitating the operations of Council, the development of policies and procedures, and continuous quality improvement.

Accountability

East Gippsland Shire Council is committed to clear and transparent governance. Council meetings are open to the public whenever permitted by the provisions of the *Local Government Act 1989*. The meeting agenda, individual officer reports and minutes are available to the public on Council's website.

Further information on Council decisions, projects and services is available through a weekly local community radio segment, information provided to electronic and print media on an ongoing basis, and via Council's website.

Representing the interests of the community

Governance is about setting direction and achieving the vision and goals of the organisation. The elected Council is responsible for providing leadership for the good governance of East Gippsland Shire by setting priorities and policies, and reviewing progress.

As a single entity comprising nine elected community representatives, Council's role is wide-ranging and varied but includes the following key responsibilities:

- act as a representative government by taking into account the diverse needs of the local community in decision making;
- provide leadership by establishing strategic objectives and monitoring their achievement;
- maintain the viability of Council by ensuring that resources are managed in a responsible and accountable manner;
- advocate for the needs and desires of the East Gippsland community with other organisations, agencies and governments;
- act as a responsible partner in government by taking into account the needs of other communities and where appropriate and practical, offering support and assistance; and
- foster community cohesion and encourage active participation in civic life.

Council's role is to listen to the community and consider the views of residents and ratepayers when making decisions. This happens in many different ways, from formal Public Question Time and Oral Submissions at Council meetings, through to regular visits to the more remote parts of the Shire, and public consultation through the 'Your Say' section of our website. A range of other community involvement activities take place across the Shire to increase community participation in civic life and develop plans for the future. Council remains responsive to the immediate and changing needs of its residents.

Your Councillors

In November 2008, the East Gippsland community elected this Council for a four year term. The nine Councillors are the elected representatives of residents and ratepayers across the region.



Cr Richard Ellis, Mayor

Elected as a Councillor in November 2008

Elected Mayor for 2010/11 and 2011/12 (term ending 27 October 2012)

M: 0419 023 673

F: 5153 9576

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



Cr Ellis was a member of the following Advisory Committees and Working Groups during 2011/12:

Group	Term
East Gippsland Shire Council Audit Committee	December 2010 – October 2012
East Gippsland Shire Council Disability Action Plan Advisory Committee	December 2008 – October 2012
Bairnsdale Regional Landfill Environment Advisory Committee	December 2008 – October 2012
East Gippsland Positive Ageing Strategy	February 2009 – October 2012
East Gippsland Regional Youth Strategy Group	October 2010 – October 2012
East Gippsland Shire Council Marina Consultative Committee	December 2008 – October 2012
Tambo Bluff Community Reference Committee	January 2009 – October 2012

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

Organisation	Term
International Council for Local Environmental Initiatives (ICLEI) Oceania	December 2011 – October 2012
Gippsland Local Government Network	December 2010 – October 2012
Gippsland Regional Waste Management Group	December 2008 – October 2012
Gippsland Regional Waste Management Group - Audit Committee	April 2009 – October 2012
Gippsland Regional Waste Management Group Industry Sub-Committee – Chair	April 2009 – October 2012
South East Australian Transport Strategy Inc	March 2010 – October 2012

Cr Marianne Pelz, Deputy Mayor

Elected as a Councillor in November 2008

Elected Deputy Mayor for 2010/11 and 2011/12 (term ending 27 October 2012)

M: 0427 007 379

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



Cr Pelz was a member of the following Advisory Committees and Working Groups during 2011/12:

Group	Term
East Gippsland Shire Council Economic Development Advisory Board	December 2008 – October 2012

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

Organisation	Term
Municipal Association of Victoria (MAV) Transport and Infrastructure Committee	October 2011 – August 2012
South East Australian Transport Strategy Inc	December 2008 – October 2012
Timber Towns Victoria	December 2008 – October 2012

Cr Trudy Anderson

Elected as a Councillor in November 2008 (term ending 27 October 2012)

M: 0419 016 581

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



Cr Anderson was a member of the following Advisory Committees and Working Groups during 2011/12:

Group	Term
East Gippsland Shire Council Community Planning Advisory Board	May 2010 – October 2012
East Gippsland Shire Council Livestock Exchange Consultative Committee	December 2008 – October 2012

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

Organisation	Term
Australian Alps National Landscapes Inc	March 2009 – October 2012
Municipal Association of Victoria – Substitute Delegate	July 2011 – June 2012

Cr Ben Buckley

Elected as a Councillor in November 2008 (term ending 27 October 2012)

M: 0429 857 750

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

Cr Buckley was not a member of any Advisory Committees or Working Groups during 2011/12.

**Cr Michael Freshwater**

Elected as a Councillor in November 2008 (term ending 27 October 2012)

M: 0427 007 392

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

Cr Freshwater was a member of the following Advisory Committees and Working Groups during 2011/12:



Group	Term
East Gippsland Shire Council Economic Development Advisory Board	February 2011 – October 2012
East Gippsland Shire Council Tourism Advisory Board	May 2011 – October 2012
East Gippsland Shire Council Audit Committee	February 2011 – October 2012
East Gippsland Shire Council Livestock Exchange Consultative Committee	December 2008 – October 2012

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

Organisation	Term
Land Programs Committee, East Gippsland Catchment Management Authority (EGCMA)	April 2012 – October 2012
MAV Transport and Infrastructure Committee	October 2011 – August 2012

Cr Bill Gamble

Elected as a Councillor in November 2008 (term ending 27 October 2012)

M: 0419 024 049

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



Cr Gamble was a member of the following Advisory Committees and Working Groups during 2011/12:

Group	Term
East Gippsland Shire Council Arts and Culture Strategic Advisory Board	February 2011 – October 2012
East Gippsland Shire Council Tourism Advisory Board	December 2008 – October 2012
Bairnsdale CBD Reference Group	March 2011 – October 2012

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

Organisation	Term
Local Aboriginal Justice Action Committee	March 2009 – October 2012

Cr Peter Neal

Elected as a Councillor in November 2008 (term ending 27 October 2012)

M: 0429 857 750

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



Cr Neal was a member of the following Advisory Committees and Working Groups during 2011/12:

Group	Term
East Gippsland Shire Council Community Planning Advisory Board	May 2010 – October 2012
Bairnsdale CBD Reference Group	March 2011 – October 2012
East Gippsland Positive Ageing Strategy	February 2009 – October 2012
East Gippsland Shire Council Marina Consultative Committee	December 2008 – October 2012
Lets Get Connected Gippsland East Transport Project Steering Committee	February 2011 – October 2012
Recreational Vehicle (RV) Plan Reference Group	June 2012 – October 2012

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

Organisation	Term
Municipal Emergency Management Planning Committee	July 2011 – October 2012
Gippsland Regional Waste Management Group – Alternate Director	March 2010 – October 2012
RoadSafe Gippsland	July 2010 – October 2012

Cr Jane Rowe

Elected as a Councillor in November 2008 (term ending 27 October 2012)

M: 0429 331 929

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



Cr Rowe was a member of the following Advisory Committees and Working Groups during 2011/12:

Group	Term
East Gippsland Shire Council Environmental Sustainability Advisory Board	December 2008 – October 2012
East Gippsland Shire Council Audit Committee	December 2008 – October 2012
Bairnsdale Growth Strategy Key Stakeholders Reference Group	December 2008 – October 2012
Bairnsdale Growth Strategy Project Control Group	December 2008 – October 2012
East Gippsland Regional Youth Strategy Group	October 2012 – October 2012

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

Organisation	Term
Municipal Association of Victoria	July 2011 – June 2012

Cr Mendy Urie

Elected as a Councillor in November 2008 (term ending 27 October 2012)

M: 0428 950 067

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



Cr Urie was a member of the following Advisory Committees and Working Groups during 2011/12:

Group	Term
East Gippsland Shire Council Arts and Culture Strategic Advisory Board	December 2008 – October 2012
East Gippsland Shire Council Environmental Sustainability Advisory Board	December 2008 – October 2012

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

Organisation	Term
East Gippsland Regional Youth Strategy Group	October 2010 – October 2012
National Sea Change Task Force Executive - Victorian representative	August 2011 – October 2012
Regional Aboriginal Justice Action Committee	June 2009 – October 2012

Fulfilling Councillors' obligations

Councillor Code of Conduct

The *Local Government Act* 1989 requires every Council to adopt a 'Code of Conduct' to be observed by Councillors.

Council adopted a *Code of Conduct and Good Governance* on 6 October 2009 that established clear guidelines about ethical behaviour and personal standards for Councillors.

This Code is a "living" document that will progressively evolve through consultation with the local government sector, Councillors and the community. In essence, the *Councillor Code of Conduct* describes what constitutes the expected behaviours for East Gippsland Shire Councillors.

The Code is based on the understanding that the community is entitled to expect that:

- Council business is conducted with efficiency, impartiality and integrity;
- Councillors adhere to both the spirit and letter of the law with respect to the provisions of all relevant statutes, regulations and local laws; and
- Councillors always give absolute priority to their duty to the public ahead of any private interests.

A copy of the *Code of Conduct and Good Governance* is available online at Council's website.

Open and accountable decision making

The responsibility for making decisions rests with Councillors through a vote at formal Council meetings. Council staff do not vote on decisions, but provide independent advice to elected representatives to assist and inform them in decision making and to form policy.

Councillors are also required to disclose any direct or indirect 'conflict of interest' that may impact on their impartiality.

Conflict of interest

A 'conflict of interest' is defined as a personal or private interest of a Councillor or officer in a matter or issue that may compromise their ability to act impartially and in the best interests of the community they represent.

The *Local Government Act* 1989 stipulates 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 on the particular 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 commencement of a Council or Advisory Committee meeting, Councillors must disclose any perceived conflict of interests. When a conflict of interest is disclosed, the Councillor must leave the meeting while the issue is debated and the vote taken.

Councillors and senior officers are also required under Section 81 (5) of the *Local Government Act* 1989 to complete a *Register of Interests Ordinary Return* every six months. These returns disclose property and investment interests they may have that could be perceived as influencing their actions, advice or decisions. The public can view the Ordinary Returns by completing an *Application to Inspect Register of Interests*.

Summary of declared conflicts during meeting proceedings over the past 12 months	Councillor	Officer	Total
Conflict of Interest			
Direct interest (section 77B)	14	3	17
Indirect interest by close association (section 78)	-	-	0
Indirect financial interest (section 78A)	5	-	5
Indirect interest because of conflicting duties (section 78B)	30	5	35
Indirect interest due to receipt of a gift, being of \$200 value or more (section 78C)	-	-	0
Indirect interest as a consequence of becoming party to civil proceedings (section 78D)	-	-	0
Conflicting personal interest (section 79B)	-	-	0
Indirect interest because of impact on residential amenity (section 78E)	-	3	3

Training elected representatives

Elected representatives undertake training sessions after every municipal election.

Council also conducts an annual program to support the professional development of Councillors. This last occurred in 2011, when Councillors participated in a facilitated process to determine the professional development needs of Council as a whole for delivery in 2012. Identification of professional development needs of individual Councillors was undertaken as a separate exercise, with appropriate training being sourced for delivery within the same timeframe.

Council and committee meetings

Council meetings provide an opportunity for the elected Council to discuss issues that affect its community, make decisions on reports that have been presented by officers and to regularly review Council's performance.

Ordinary Council meetings are normally held on the first Tuesday of each month, with the exception of January (no meeting) and November and December (second Tuesday). Unless determined otherwise and advised through appropriate public notice, Council meetings are held in the Corporate Centre, Bairnsdale commencing at 6.00 pm.

The Mayor and Councillors of East Gippsland Shire Council welcome and encourage members of the public to attend Council meetings.

Council meeting schedule 2011/12

During the 2011/12 financial year, a total of 11 ordinary Council meetings and seven special Council meetings were held. Meetings were advertised and open to the public.

Tuesday

5 July	Ordinary Meeting
2 August	Ordinary Meeting
6 September	Ordinary Meeting
13 September	Special Meeting to approve Annual Financial Statements in principle
27 September	Special Council meeting to adopt Annual Report 2010-2011 for forwarding to the Minister for Local Government
4 October	Ordinary Meeting
18 October	Special Council meeting to adopt Annual Report 2010-2011
8 November	Ordinary Meeting
6 December	Special (Statutory) Council meeting
13 December	Ordinary Meeting
7 February	Ordinary Meeting
28 February	Special Council Meeting to consider Contract No: 1005/1112 Construction of Corporate Centre Additions and Alterations
13 March	Ordinary Meeting
3 April	Ordinary Meeting
1 May	Ordinary Meeting
8 May	Special Meeting to approve draft Budget and revised Council Plan for public comment
5 June	Ordinary Meeting
26 June	Special Meeting to adopt Budget and revised Council Plan

Council meeting attendance

Councillor attendance at Council meetings for the period 1 July 2011 to 30 June 2012 was as follows:

Councillor	2011									
	Jul	Aug	Sept	Sept*	Sept*	Oct	Oct*	Nov	Nov*	Dec
Richard Ellis, Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marianne Pelz	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Trudy Anderson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ben Buckley	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Michael Freshwater	x	✓	✓	✓	✓	✓	x	✓	✓	✓
Bill Gamble	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Peter Neal	✓	✓	✓	✓	x	✓	✓	✓	✓	✓
Jane Rowe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mendy Urie	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Councillor	2012								
	Feb	Feb*	Mar	Apr	May	May*	Jun	Jun*	Total
Richard Ellis, Mayor	✓	✓	✓	✓	✓	✓	✓	✓	18
Marianne Pelz	✓	✓	✓	✓	✓	✓	✓	✓	18
Trudy Anderson	✓	✓	x	✓	✓	✓	x	✓	16
Ben Buckley	✓	✓	✓	✓	✓	✓	✓	✓	18
Michael Freshwater	✓	✓	✓	✓	✓	✓	✓	✓	16
Bill Gamble	✓	✓	✓	✓	✓	✓	✓	✓	18
Peter Neal	✓	✓	✓	✓	✓	✓	✓	✓	17
Jane Rowe	✓	✓	✓	✓	✓	✓	x	x	16
Mendy Urie	✓	✓	✓	✓	✓	x	✓	✓	17

X Apology

✓ In attendance

*Special Council meeting

Council agendas

The business to be considered by Council is set out in an agenda. These agendas are available to the public from 4.00 pm on the Friday before the Council meeting at the Corporate Centre, Bairnsdale and Council's Library/Business and Outreach Centres. All agendas can also be viewed on Council's website.

Council minutes

Council records all resolutions made at each Council meeting. Council minutes can be viewed on Council's website and at the same locations as Council's agendas.

Council advisory boards and committees

Council has in place a framework of advisory committees, advisory boards and reference groups.

Councillors represent East Gippsland Shire Council on the following boards and committees:

Council advisory boards

Board	Councillor
East Gippsland Shire Council Arts and Culture Strategic Advisory Board	Cr Gamble Cr Urie
East Gippsland Shire Council Community Planning Advisory Board	Cr Neal Cr Anderson
East Gippsland Shire Council Economic Development Advisory Board	Cr Freshwater Cr Pelz
East Gippsland Shire Council Environmental Sustainability Advisory Board	Cr Rowe Cr Urie
East Gippsland Shire Council Tourism Advisory Board	Cr Gamble Cr Freshwater

Council advisory committees

Committee	Councillor
East Gippsland Shire Council Audit Committee	Cr Freshwater Cr Rowe Cr Ellis
East Gippsland Shire Council Disability Action Plan Advisory Committee	Cr Ellis

Legislative impacts on Council

East Gippsland Shire Council undertakes a wide range of activities and performs services within a highly regulated environment. Many Acts and regulations, including those listed below, have a direct impact on Council. Each contains specific provisions relevant to local government and has some form of direct or indirect influence or requires specific knowledge by Councillors and officers in performing their duties.

Aged Care Act 1997 (Cth)	Health (Prescribed Accommodation) Regulations 2001
Aboriginal Heritage Act 2006	Health Records Act 2001
Agricultural and Veterinary Control of Use Act 1992	Heritage Act 1995
Anti-Discrimination Act 1991	Information Privacy Act 2000
Australian Accounting Standards	Land Acquisition and Compensation Act 1986
Audit Act 1994	Local Government Act 1989
Building Act 1993	Local Government (General) Regulations 2004
Building Regulations 2006	Local Government (Electoral) Regulations 2005
Charter of Human Rights and Responsibilities Act 2006	Local Government (Finance and Reporting) Regulations 2004
Children, Youth and Families Act 2005	National Parks Act 1975
Children's Services Act 1996	Occupational Health and Safety Act 1985
Crown Land (Reserves) Act 1978	Planning Environment Act 1987
Cultural and Recreational Lands Act 1963	Public Records Act 1973
Disability Discrimination Act 1992	Road Management Act 2004
Domestic Animals Act 1994	Road Safety (Road Rules) Regulations 1999
Emergency Management Act 1986	Road Safety Act 1986
Environment Protection Act 1970	Sale of Land Act 1962
Equal Employment Opportunity Act 1995	Tobacco Act 1987
Food Act 1984	Whistleblowers Protection Act 2001
Freedom of Information Act 1982	
Geographical Place Names Act 1998	
Health Act 1958	
Health (Immunisation) Regulations 1999	

Events

Council worked proactively to attract a number of events into the region in 2011/12, including the Great Victorian Bike Ride, the Alpine Rally, Snowy River Sprint, Tour of Gippsland and Bairnsdale Rowing Regatta.

The Events unit continues to coordinate and support 70+ successful events in the region, including the relocation of the annual Barry Sheene motorcycle ride into the Bairnsdale Central Business District (CBD) where it provided a visual spectacle and stimulated early morning trade. Advice was also provided for more than 100 events in the past year.

Thirty-two grants were awarded with a total value of \$106,993, to fund events via the Regional and District Events Sponsorship (RADES) and Community Grants Festivals and Event funding stream.

To assist event planners, Council delivered two training sessions on event management, as well as facilitating traffic-management training. A series of new "Events – make them your business" booklets were developed and distributed, to encourage and assist local businesses to become actively involved in events.

Council also secured funding to conduct an Events Capacity Study. This study will give Council and event coordinators a full inventory of venues available for events and the capacity of the region's accommodation sector to support overnight stays. Part of this project will include the production of an events prospectus.

2011/2012 events calendar

EGSC = Events provided by Council; S = Council sponsored events

July 2011		
Peels Cruises Lakes Entrance Cup Day	23	S
Lakes Oil Tour of Gippsland	27-31	S
August 2011		
Bairnsdale Dressage Festival	14	S
September 2011		
Bairnsdale Running Festival	18	S
Patties Foods Bairnsdale Cup Day	25	S
October 2011		
Barry Sheene Tribute Ride	13	EGSC
East Gippsland Business Awards	7	S
GEMSTONE	22-23	S
Gippsland Lakes Paddling Marathon	29	S
Nowa Nowa Nudes	29 Oct -1 Nov	S
November 2011		
Dahlsens Melbourne Cup Day	1	S
Lakes Entrance Golf Club Golden Jubilee	4- 6	S
Alpine Rally	25-27	S
Bairnsdale Christmas Parade	26	S
Vic Bream Classic	26-27	S
December 2011		
Seafarers Multicultural Festival	2-4	S
Bairnsdale Dressage Festival	4	S
Newlands Arm "Carols by Twilight"	10	S

Elders Bairnsdale Christmas Cup Day	19	S
Mallacoota Christmas Eve Festival	24	S
Orbost Christmas Eve Festival	24	S
SkyFest	31	S
New Years Celebration	31	S
Victorian High Country Fishing Classic	31 Dec -1 Jan	S
January 2012		
Brookfield Estate Summer Race Day	2	S
Bairnsdale Convention Centre Kids Day Out	14	S
Bairnsdale Pro Am	17-18	S
Australia Day	26	EGSC
February 2012		
Bruthen Blues Festival	17-19	S
Capture Cann Expo	17-19	S
Bairnsdale Motor Expo	18	S
Paynesville Music Festival	24-26	S
March 2012		
East Gippsland Sustainability Expo	12	S
Women on Farms Gathering Conference	16-18	S
Vic Bream Classic	17-18	S
Festival of Food and Culture	18	S
April 2012		
Frais Farm Lindenow Cup Easter Saturday	7	S
Paynesville Cup - Power Boat Races	14-15	S
Boating and Lifestyle Show	14-15	S
Anzac Day	25	S
Orbost Secondary College Centenary	27-29	S
East Gippsland Field Days	27-29	S
May 2012		
Creative Gippsland Be Inspired Festival	1-31	S
June 2012		
Thunderbirds Hot Rod Tour	8-11	S
Whiters Street Cranes Lakes Entrance Cup Day	17	S

Awards and recognition

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

Australia Day awards

Council recognised the major contribution of individuals to the community through the Australia Day awards presented on 26 January 2012 at Paynesville. The recipients of the awards were:

Citizen of the Year Award:	Mr Jeff Wilson
Young Citizen of the Year Award:	Miss Chloe Scott
Community Event of the Year Award:	2011 Victorian Junior and Senior Lifesaving Championships – Surf Life Saving Lakes Entrance

Municipal Association of Victoria Liability Insurance Audit Regional Award

Council received an audit score of 93% for the 2010-2012 period, awarding it first place for the Eastern Rural Region. This score also ranked Council second out of all rural Victorian Council areas and equal 12th of the 78 Victorian Councils that are audited.

Citizenship

Five citizenship ceremonies were hosted by Council in 2011/12, including a major ceremony as part of Council's Australia Day celebrations. A total of 28 East Gippsland residents became Australian citizens during the year.

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 2011/12.

July 2011	Where	Date
NAIDOC Week Flag Raising and Morning Tea	Bairnsdale	4
August 2011		
Premier's Business Luncheon	Bairnsdale	5
Visit by the Hon. Alex Chernov, AO QC, Governor of Victoria and Mrs Elizabeth Chernov (including a civic reception)	Regional visit	11-13
Morning tea with the Mayor and Bairnsdale Secondary College Year 9 students who were selected to participate in an exchange to Taizhou China, funded by the Department of Education and Early Childhood Development	Bairnsdale	31
September 2011		
Official opening Omeo Recreation Reserve upgrade	Omeo	8
Official opening Swifts Creek Skate Park	Swifts Creek	8
Citizenship ceremony	Bairnsdale	21
Official opening Mallacoota Aerodrome upgrades	Mallacoota	28
Official opening Fisheries Jetty, Mallacoota	Mallacoota	28
Citizenship ceremony	Mallacoota	28

Official opening Genoa Heritage Bridge	Genoa	29
Official opening Club Terrace Loop Road Bridge	Club Terrace	29
October 2011		
Official opening Dawsons Cove Boat Ramp	Dawsons Cove	20
November 2011		
Official opening Lindenow Skate Park	Lindenow	16
Citizenship ceremony	Bairnsdale	17
East Gippsland Shire Council / Monash University Bursary presentation	Bairnsdale	24
December 2011		
Civic reception for Mr Will Tomlinson, in recognition of an outstanding achievement in winning the 2011 International Boxing Organisation World Super Featherweight Title	Bairnsdale	9
Official opening Jetty 5, Slip Bight Marina, Paynesville	Paynesville	15
January 2012		
Australia Day ceremony (including citizenship), Paynesville	Paynesville	26
February 2012		
St Kilda Football Club official welcome	Bairnsdale	13
Launch of Public Art Program	Bairnsdale	29
March 2012		
Ministerial announcement regarding Lakes Entrance Croquet Club	Lakes Entrance	2
Citizenship ceremony	Bairnsdale	28
April 2012		
Civic Reception to mark completion of Beaufort Memorial Gardens	Bairnsdale	14
Victorian Local Government Association (VLGA) Think Women for Local Government regional forum	Lakes Entrance	18
Community Information Tent at East Gippsland Field Days	Bairnsdale	27-28
May 2012		
Launch Regional Achievement and Community Awards	Bairnsdale	15
Official opening Morass Creek Bridge	Benambra	23
June 2012		
Official opening Snowy River Estuary Walk	Marlo	1

Letters under seal of Council

One letter was presented under the seal of Council in 2011/12 to Mr Will Tomlinson, in recognition of an outstanding achievement in winning the 2011 International Boxing Organisation World Super Featherweight Title.

Going the extra mile

East Gippsland experienced three flood events this financial year: in August 2011, March 2012 and a major event in June 2012.

A wide range of agencies and people provided out-of-hours support and assistance to the community in response to these emergencies. The input, ongoing support and cooperation of emergency management agencies and people from our community ensures East Gippsland is well placed to respond to and recover from emergencies and natural disasters.

As part of Council's role, the Municipal Emergency Coordination Centre (MECC) was activated in response to these events and provided a range of resources during the floods. A number of Council East Gippsland Shire Council **Annual Report 2011/12**

Council staff provided round-the-clock support to the centre. Council also helped the community to recover following the event, in partnership with key emergency recovery organisations.

Council's Communications team worked in partnership with the State Emergency Service (SES) to ensure residents, businesses and community groups were kept informed as developments occurred and updates came to hand. Council staff assisted the SES to prepare situation reports every four hours; these reports brought together a range of information from different areas of Council's operations, SES updates and links to road closures and flood warnings managed by other agencies.

In addition to the emergency response, staff from Council's Works and Parks and Gardens teams responded to requests for assistance, with major asset and vegetation damage in the weeks following the floods particularly in the Tambo Valley and Omeo regions. The teams worked tirelessly to respond to these requests, undertaking inspections, repairing damage and identifying future capital works priorities.

Our volunteers

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

Among them are students, retirees, new and intending Australian citizens wanting to contribute to their new country and skilled professionals. Volunteers may vary in background, age and beliefs, yet they all share the desire to make a difference. They support our Visitor Information Centres in Bairnsdale and Lakes Entrance; help with cataloguing and delivery of programs in our Libraries, assist in staging community events and deliver meals to East Gippsland's Aged and Disability Services clients.

East Gippsland Shire Council thanks the region's wonderful volunteers, who generously give their time to work within the community every day to make East Gippsland a better place.

Our organisation

Executive management team

The Chief Executive Officer is employed by and reports to the elected Council. The Chief Executive Officer manages the staff and resources of Council, as legislated by the Victorian *Local Government Act 1989*.

East Gippsland Shire Council's organisational chart comprises five key service-oriented divisions reporting through Directors to the Chief Executive Officer.

These divisions reflect Council's major operational activities, including services to the community and the business and governance functions necessary for an effective and publicly accountable body.



Steve Kozlowski
Chief Executive Officer



Maryanne Bennett
Director Corporate

- Administration and Governance
- Communication and Organisation Development
- Finance



John Websdale
Director Development

- Development Approvals
- Major Projects and Economic Development
- Projects



Chris Waites
Director Operations

- Asset Maintenance
- Environmental Health and Community Laws
- Parks and Gardens
- Waste Operations
- Works



Kate Nelson
Director Planning and Community

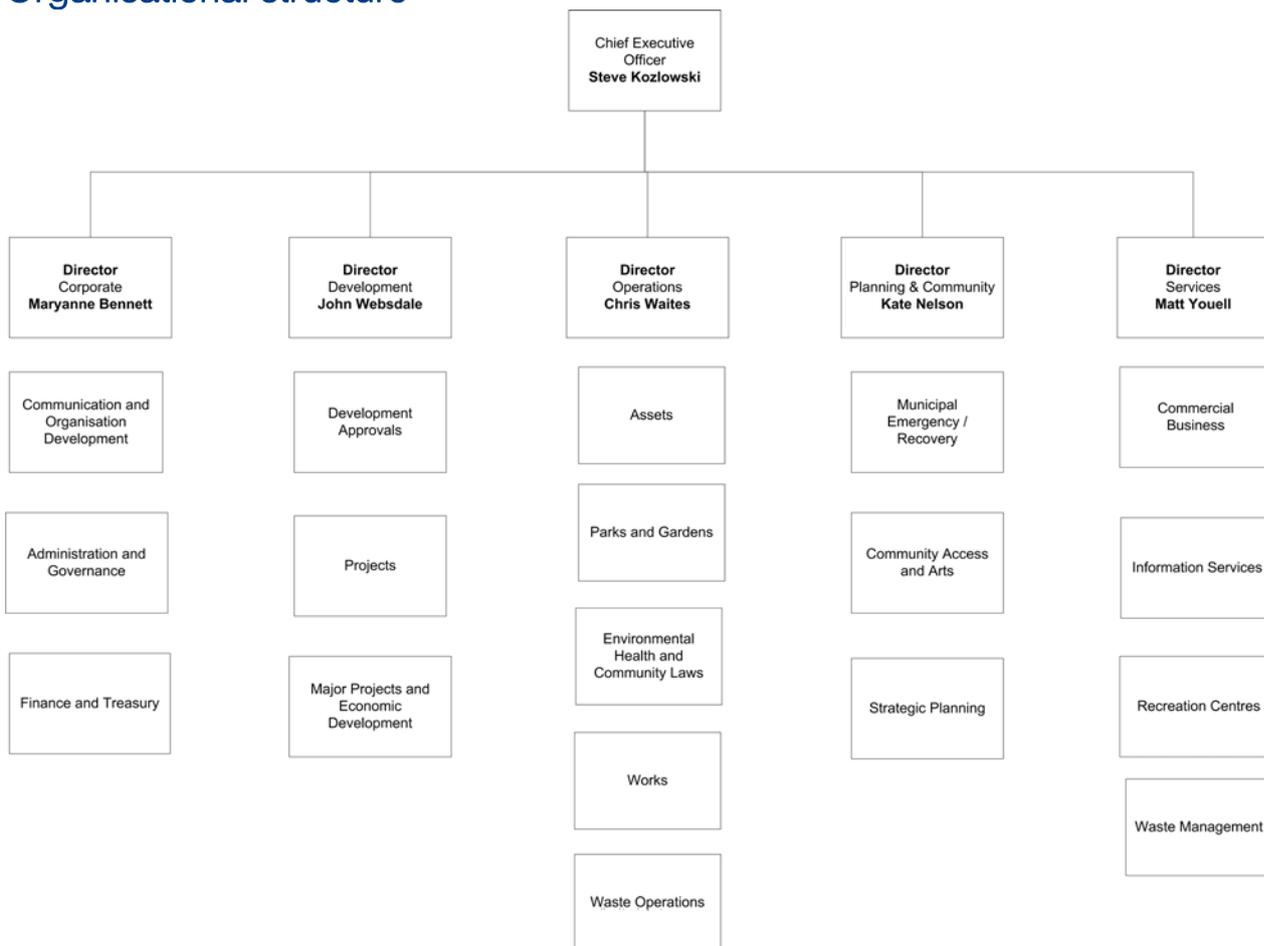
- Community Access and Arts
- Municipal Emergency Recovery
- Strategic Planning



Matt Youell
Director Services

- Commercial Business
- Information Services
- Recreation Centres
- Waste Management

Organisational structure



Changes to the organisational structure in 2011/12

Changes to the organisational structure in 2011/12 represented a major milestone in the delivery of Parks and Gardens, Tree Maintenance and Waste Transfer Station services across the Shire.

Council made the significant decision to move from contract-based to in-house delivery of these services to ensure increased responsiveness and level of service, contribute to local economic activity, provide local employment opportunities and cost savings.

A new Works unit was created, with 25 additional staff. The new in-house team commenced in September 2011, with main service centres established at Kalimna West and Orbost. In addition, multi-skilled work teams were established in Mallacoota and Omeo.

Council activities and services at a glance

The work of East Gippsland Shire Council is divided into 18 activities and services groups:

Administration and Governance	Finance
<p>What do we do?</p> <p>Property Manage 114 property leases, 67 licenses and 7 residential tenancy agreements.</p> <p>Community Facilities Coordinate Management Agreements with 37 Committees of Management for Council controlled recreational facilities.</p> <p>Contracts and Tendering</p> <ul style="list-style-type: none"> • Manage Council's contracts and tendering systems. • 23 new tenders were advertised in 2011/12. <p>Occupational Health and Safety</p> <ul style="list-style-type: none"> • Coordinate occupational health and safety risk control programs. • Inspect and assess 392 work sites for employees and contractors. • Reviewed 54 workplace incidents in 2011/12. <p>Insurance and Risk Management</p> <ul style="list-style-type: none"> • Manage Council's insurance program, including public liability and Council buildings. • Process insurance claims – In 2011/12 60 minor claims and 65 general incident reports were processed. • Coordinate risk management programs and maintain Council's risk register. <p>Legislation Compliance and Policy Development</p> <ul style="list-style-type: none"> • Administer compliance requirements for the <i>Information Privacy Act 2000</i>, <i>Freedom of Information Act 1982</i> and <i>Whistleblowers Protection Act 2001</i>. • Coordinate Council's policies and procedures. • Monitor compliance with the <i>Local Government Act 1989</i> and other relevant state laws and regulations or legislative updates. • Maintain registers for the Instrument of Delegations and Authorised Officer appointments. 	<p>What did we deliver?</p> <ul style="list-style-type: none"> • 2010/11 Financial Statements completed (Unqualified). • 2012/13 Budget adopted by Council on 26 June 2012. • 2012 general revaluation submitted within required timeframes (awaiting final sign off on last stage from Valuer-General). <p>What do we do?</p> <p>Financial Management</p> <ul style="list-style-type: none"> • Manage the Annual Budget process. • Develop the long-term Financial Plan. • Manage budget reviews, revisions and reporting. • Prepare regular finance reports for Management and Council. • Prepare the Annual Financial Statements. • Process bank reconciliations and manage investments and grants. • Manage and maintain assets in the general ledger. • Complete taxation reporting for Goods and Services Tax and Fringe Benefits Tax. • Complete reporting to external bodies (e.g. Victorian Grants Commission annual questionnaire, Municipal Association of Victoria Rates Survey, assist with Departments of Planning and Community Development Asset Management Survey). • Provide financial advice to other business units. <p>Rates and Property</p> <ul style="list-style-type: none"> • Issue rates notices and manage the rates collection process. • Manage the property database. • Customer service (e.g. answering ratepayer queries). <p>Valuations</p> <ul style="list-style-type: none"> • Undertake valuations and manage the external valuation contract. • Manage the supplementary valuation process. • Manage the valuation objection process. • Complete bi-annual property valuations. <p>Accounts Payable</p> <ul style="list-style-type: none"> • Process payments to creditors • Manage purchasing and accounts payable systems <p>Accounts Receivable</p> <ul style="list-style-type: none"> • Raise and create debtor invoices. • Manage debtors, including rate debts and special charge schemes.

Projects	Development Approvals
<p>What do we do?</p> <p>Asset Management</p> <ul style="list-style-type: none"> • Manage information on \$793m of assets. • Manage Geographic Information (GIS) mapping system. • Undertake inspections on the condition of assets as required. • Developed a new policy and strategy to bring Asset Management systems to best practice. • Maintain Road Register. <p>Development</p> <ul style="list-style-type: none"> • Processed 326 Engineering Referrals. • Processed 364 Legal Points of Discharge. • Working with the industry to finalise an Infrastructure Design Manual. <p>Projects</p> <ul style="list-style-type: none"> • Completed 136 projects. • Completed \$23.4m expenditure. • Work in progress of \$4.6m. 	<p>What do we do?</p> <p>Town planning</p> <ul style="list-style-type: none"> • Process planning permit applications. • Complete essential safety measure inspections. • Process property information requests and requests for secondary consent. • Undertake certification of plans of subdivisions. • Process statements of compliance. <p>What did we deliver?</p> <ul style="list-style-type: none"> • Decisions were made for 610 planning permits. • 94 amended planning permits were decided. • 58 extensions of planning permits were decided. • Processed 66 requests for secondary consent. • Planning permit applications were processed, with an estimated cost of works of \$84,873,308. • 95 essential safety measure inspections were undertaken. • 102 building report and consents were decided. • 364 legal point of discharge requests were processed. • 568 property information requests were issued. • 182 plans of subdivision were certified.

Tourism and Visitor Information Centres	
<p>What do we do?</p> <ul style="list-style-type: none"> • Undertake tourism projects designed to support local tourism businesses to grow, collaborate and access new markets. • Advocate on behalf of the region on issues of tourism importance. • Provide information and assistance to tourism operators and other stakeholders to help improve tourism product in East Gippsland. • Coordinate tourism recovery and response functions, to minimise the impact of unforeseen events on the East Gippsland tourism sector. • Provide information to visitors and new residents. • Manage tourism interpretive infrastructure projects. • Book accommodation, tours and other ticketing (including the Forge Theatre). • Support regional events. • Sell retail products. • Provide an emergency/crisis information portal. <p>Did you know?</p> <p>In 2011/12:</p> <ul style="list-style-type: none"> • There was a 3.08 per cent increase in visitor numbers at Lakes Entrance Visitor Information Centres, benchmarked against the regional and national trend. • Tourism contributes \$275 million per annum to the local economy in direct expenditure. • East Gippsland's Visitor Information Centres welcomed 186,328 visitors through their doors. • International visitors make up 3 per cent of the visitors to East Gippsland. 	<ul style="list-style-type: none"> • The value of average accommodation bookings made at East Gippsland's Visitor Information Centres rose by 6.1 per cent from \$227 to \$241. • East Gippsland's Visitor Information Centres made 1607 accommodation bookings, with a total value of \$386,956. • East Gippsland's Visitor Information Centres sold \$88,124 worth of tickets to events at the Forge Theatre. • East Gippsland's Visitor Information Centres sold \$211,136 worth of retail stock. • 57 per cent of East Gippsland's Victorian visitors came from metropolitan Melbourne. • The average length of stay for visitors to East Gippsland was 3.2 nights, compared with the Victorian average length of 3.1 nights. • Council is managing a \$1.6million project to develop tourism walks around Marlo and Mallacoota.

Major Projects and Economic Development

What do we do?

- Attract new business and investment to East Gippsland.
- Facilitate the growth and resilience of existing businesses within East Gippsland Shire.
- Advocate on behalf of businesses on business issues of importance to the region.
- Fund economic-development initiatives.
- Manage projects designed to deliver business outcomes for the region in the areas of policy improvement, removal of barriers to growth and infrastructure improvements.
- Manage the event permits process.
- Deliver events funding via Regional and District Events Sponsorship (RADES) and Community Grants Festivals and Events.
- Provide advice on staging events in East Gippsland.
- Run events.
- Support events to come to East Gippsland.

Did you know?

In 2011/12:

- Council granted \$100,000 to East Gippsland Marketing Inc. to promote the region.
- East Gippsland Regional Business and Tourism Association were granted \$65,000 to support business training and business-development work.
- Council granted \$40,000 to support food production and value-adding initiatives.
- Council made four submissions to parliament and responded to government inquiries on issues of importance to business in East Gippsland.
- Council made two presentations to parliamentary enquiries on matters of economic development significance to East Gippsland.

Communications

What do we do?

- Prepare and publish media releases; provide photographs where required.
- Prepare Talking to Council program and facilitate Councillors/staff appearances.
- Coordinate weekly Shire advertisement and other advertising.
- Publicise Council activities and events.
- Prepare a range of corporate documents including brochures, newsletters and our quarterly newspaper insert, *Community Connect*.
- Provide advice to other staff on Council's Corporate Style Guide, communications standards and processes.
- Coordinate development of the Annual Report and Council Plan.
- Manage the corporate planning framework.

Civic Events

- Organise citizenship ceremonies, civic events, corporate functions, openings and launches.
- Coordinate Council's program of regular meetings with Memorandum of Understanding partners and local Members of Parliament.

Did you know?

- Council has nearly 400 Twitter followers.
- There were 42,407 unique views on Council's refreshed website home page from Jan-Jun 2012.
- The Your Say page on Council's website highlights community consultation opportunities and these pages have been viewed a total of 2,132 times from January to June 2012.
- There have been 11,467 views of the 'I Want To...Work for Council' link from January to June 2012.

Community and Local Laws

What do we do?

Community Laws

- Domestic animal control/pound.
- Implement Council's Domestic Animal Management Plan.

Did you know?

- 11,516 animals are registered across the Shire.
- 144 infringements were issued.
- 6 properties housing dangerous/restricted breeds were audited.
- 1366 animals were impounded or surrendered.
- 14 Domestic animal businesses were audited.

What do we do?

Local Laws

- Local laws education/enforcement/permits.
- Administer Council Local Laws to ensure the amenity and safety of community.
- Raise community awareness and understanding of Council's Local Laws
- Issue Local Laws permits.
- 144 local laws infringements issued.
- 481 parking infringements issued.

Parking/School Crossing Supervision

Supervise 14 school crossings

<h2 style="text-align: center;">Community Access and Arts</h2>	
<p>Provide services centres across the region Service Hubs at the Bairnsdale Library and the Corporate Centre. Service Centres in Lakes Entrance, Paynesville, Orbost and Omeo.</p> <p>Did you know?</p> <p>Community Library Service</p> <ul style="list-style-type: none"> • Over 800 people attended 132 sessions for Baby Rhymetime. • There have been 3150 attendees over 180 sessions for Storytime. • 38 participants improved their computer skills over 12 sessions delivered by Library staff. • 5531 participants in Library Programs, across 418 sessions. • 295,856 items loaned and 251,601 customers welcomed. <p>Access and Outreach Services</p> <ul style="list-style-type: none"> • Provide banking services. VicRoads, Centrelink and Visitor information services to some of our more remote towns 	<p>Citizen Services</p> <p>This year, the Corporate Centre in Bairnsdale welcomed 81,063 people through the door and answered 161,213 phone calls.</p> <p>Arts and Cultural Development</p> <p>Arts, Culture and Heritage support and development.</p> <p>Performing Arts</p> <ul style="list-style-type: none"> • Forge Theatre and Arts Hub • 13 Arts and Heritage Alliance projects received financial support during the year. • Forge Theatre and Arts Hub held 60 events with a total of 91 performances and 10,318 attendees.
<h2 style="text-align: center;">Parks and Gardens</h2>	
<p>What do we do?</p> <ul style="list-style-type: none"> • Mowing • Foreshores • Playgrounds • Town gardens • Weed management • Tree maintenance • Tree health and safety assessments • Pruning • Tree removal and planting. <p>Did you know?</p> <ul style="list-style-type: none"> • 30,000 street trees are maintained by the Parks and Gardens crew. • 3800 trees were inspected last year to ensure underwire clearance from overhead power lines. • 300 hectares of grass were mowed. 	<p>Waste Transfer Operations</p> <p>What do we do?</p> <ul style="list-style-type: none"> • Manage 8 landfills, 11 transfer stations and 13 transfer trailers. • Service 94% of Shire households with garbage, recycling and green waste collection. <p>Did you know?</p> <ul style="list-style-type: none"> • In 2011/12, 31,159 tonnes of waste filled our landfills, including municipal solid waste (red bins) and commercial waste. • Bairnsdale - 18,270 tonnes • Lakes Entrance - 6,511 tonnes • Orbost – 4,325 tonnes • Mallacoota -1,303 tonnes • Cann River - 700 tonnes • Other minor landfills - 50 tonnes • 54, 000 tonnes of recycling (excluding earth) processed. • 13,200 tonnes of green waste processed.
<h2 style="text-align: center;">Recreation Centres</h2>	
<p>Council provides recreation facilities at the Bairnsdale Aquatic and Recreation Centre; Bairnsdale Outdoor Pool; Lakes Entrance Aquadome; and the Orbost Outdoor Pool.</p> <p>What services do we provide?</p> <ul style="list-style-type: none"> • Health Club (including Group Fitness and Aqua aerobics sessions and programs) • School swimming program. • Café. • Sports and fitness related merchandise. • Aquatics program. • Outreach and community programs. 	<ul style="list-style-type: none"> • Children’s services (including Crèche, After School Care and Vacation Care). • Stadium (under the control of a joint use agreement). <p>Did you know?</p> <ul style="list-style-type: none"> • Over 250,000 people attended our centres in 2011/12. • Our Recreation Centres are the most frequently used Council facilities in the Shire, and have the highest maintenance requirements.

Strategic Planning

What do we do?

- Land use planning and policy development.
- Social policy and community well-being planning.
- Community planning and capacity building programs.
- Environmental sustainability.
- Project planning and implementation.
- Planning Scheme Amendments.

Community planning and engagement

Coordinated a major project to develop community plans for eight communities across East Gippsland.

- Community planning facilitators held 15 community forums, which were attended by approximately 1500 people.
- 38 people (around half the local population) attended a community forum at Tubbut Hall.
- 30 staff undertook detailed community engagement training.

Environmental Sustainability

- Develop strategies and policies to support environmental sustainability.
- Carry out projects to improve the environmental health of East Gippsland.
- Implement community education and behaviour change programs to encourage community members to focus on reduced resource use and energy reduction.
- Take on projects to reduce the organisation's own resource and energy consumption.

Did you know?

- Employees have measured and mapped more than 1000 individual trees and assessed 60 patches of vegetation as part of an innovative biodiversity assessment north of Lakes Entrance.
- 26 submissions were considered from community members and agencies with an interest in roadside management before Council adopted the Roadside Vegetation Strategy.
- Employees participated in over 10 community education forums on resource and energy consumption over the year.

Community Facility Projects and Planning

- Develop strategies and plans to guide delivery of future community infrastructure.
- Carry out detailed design of specific infrastructure.
- Project manages construction and delivery of specific infrastructure projects, including building of new infrastructure and renewal / improvement of existing facilities and infrastructure.

Community Programs

- Deliver community development services.
- Manage community grants.
- Coordinate community events and information.
- Develop strategies and policies to support community well-being.

- Deliver specialist programs in the areas of access, early years, youth, transport connections, and healthy eating.
- Partner with other agencies and stakeholders to deliver and advocate for services for communities throughout East Gippsland.

Did you know?

- 167 young people have benefited from the VicRoads Gippsland East L2P Program, which helps them learn to drive.
- More than 400 indigenous East Gippsland residents obtained their birth certificates, or registered their births for the first time, as part of the Aboriginal Driver Education Project.
- \$103,600 was distributed to community-based groups for a wide range of projects and events, under the Community Grants program.
- 43 community projects were funded through the Community Grants program. Of those, 17 were awarded to support community facilities, 17 to support community development and nine to support community festivals and events.

Social Planning

- Building partnerships to develop and deliver social infrastructure and services for the region.
- Undertake research to ensure planning by East Gippsland Shire Council and our stakeholders reflects relevant data and trends for the region.
- Coordinate the Municipal Public Health and Well-being Plan.
- Identify funding and policy opportunities to improve community wellbeing within East Gippsland.

Did you know?

- 4390 young people aged between 15 and 24 live in East Gippsland, which is 10 per cent of the Shire's population. (Source: Australian Bureau of Statistics, 2011)
- 57.9 per cent of males in East Gippsland are overweight. (Source: Victorian Department of Health, 2008)
- 85.4 per cent of people in East Gippsland do not consume the minimum number of serves of vegetables recommended in the Victorian Government's Healthy Eating guidelines. (Source: Victorian Department of Health, 2008)

Land Use Planning

- Strategic land use planning.
- Amendments and improvements to the East Gippsland Planning Scheme.
- Development of strategies and policies to assist implement the community's vision for East Gippsland.

Did you know?

Council has made 14 amendments to the East Gippsland Planning Scheme in the past 12 months to improve operation of the scheme.

Health	
<p>What do we do?</p> <p>Immunisation Services</p> <ul style="list-style-type: none"> • Immunisation promotion and education. <p>Did you know?</p> <ul style="list-style-type: none"> • 1352 childhood, 1877 school and 864 corporate immunisations delivered. • Infant immunisation coverage rate increased to 93.3%, from 92.8% the previous year. • School immunisation coverage rates for Hepatitis B 85%, Boostrix (Diphtheria/Tetanus/Pertussis) 84%, Human Papilloma Virus 78%. <p>Registered Premises (Health, Food, Accommodation and Caravan Parks)</p> <ul style="list-style-type: none"> • Register and inspect all relevant premises - Food (412), Health (74), Prescribed Accommodation (96), Caravan Parks (59). • Process food recalls. • Investigate food borne illnesses. • Deliver food handling education. • Develop and issue a food safety newsletter to all registered food premises. • Attend to all public health related enquiries and complaints. • Provide public health education <p>Nuisances</p> <p>Investigate and take appropriate action in response to all reported public health nuisances.</p>	<p>Tobacco Control Program</p> <ul style="list-style-type: none"> • Implement requirements of the <i>Tobacco Act 1987</i> in accordance with Department of Health annual service agreement. • Inspect relevant premises. • Educate relevant premises proprietors. <p>Domestic Wastewater Disposal/Septic Tank Systems</p> <ul style="list-style-type: none"> • Investigate domestic waste water disposal/septic tank complaints. • Respond to relevant planning permit application referrals. • Processed and inspected 110 applications for the installation/alteration of septic tank. <p>Infectious Diseases Surveillance and Investigation</p> <ul style="list-style-type: none"> • Investigate infectious disease referrals. • 46 inspections and water quality tests were completed at public swimming pools/spas. <p>Mosquito Control</p> <ul style="list-style-type: none"> • Carry out Council's annual mosquito control program, implemented in accordance with Department of Health Service Agreement requirements. • Monitor and treat known mosquito breeding sites. • Provide community education. <p>Emergency Management</p> <ul style="list-style-type: none"> • Fire Prevention Planning. • Emergency public health response.

Assets	
<p>What do we do?</p> <ul style="list-style-type: none"> • In-house carpentry and building capability. • Management of contracted building projects. • Management of contracted trade services. • Maintenance of Shire-wide amenities. • Manage and maintain Council's extensive infrastructure network including roads, drains, bridges, paths, aerodromes and Raymond Island Ferry. • Street lighting and the provision of Council's after hours on-call service. • Footpath and other concrete works. • Signage installation and maintenance. • Maintenance of minor structures e.g. park benches, BBQs, etc. <p>Did you know?</p> <p>Council maintains and manages:</p> <ul style="list-style-type: none"> • 525 buildings • 115 items of major plant equipment 	<ul style="list-style-type: none"> • 1196 kms of sealed roads • 1738 kms of gravel roads • 501 kms of kerb and channel • 184 kms of footpaths • 190kms of underground drainage • 6500 drainage pits • 208 road bridges • 127 major culverts (having a waterway area of 3 sq. metres or greater) • 23 footbridges • 3 aerodromes • 1 ferry.

Emergency Management	
<p>What do we do?</p> <ul style="list-style-type: none"> • Ongoing review and development of Municipal Public Health Emergency Plan. • Emergency Planning and Risk Evaluation. 	<ul style="list-style-type: none"> • Emergency Response. • Emergency Recovery.

Commercial Business	
<p>Caravan Parks</p> <ul style="list-style-type: none"> • Mallacoota Foreshore Caravan Park • Eagle Point Caravan Park • Cann River Rainforest Tourist Park • Swifts Creek Caravan Park. <p>Did you know?</p> <ul style="list-style-type: none"> • Mallacoota Foreshore Holiday Park's operated at a profit, with an occupancy rate of 58,250 site days (21.3%). • Council commenced direct management of the Eagle Point Caravan Park on 1 October 2011, which had an occupancy rate of 31,500 site days (52.5%). <p>Marinas and marine structures</p> <p>Council manages three marinas and a number of other marine structures such a private jetties.</p> <p>Our Marinas are located at:</p> <ul style="list-style-type: none"> • Slip Bight Marina-Paynesville • Metung Marina-Metung • Chinaman's Creek Marina-Metung. <p>Did you know?</p> <ul style="list-style-type: none"> • Slip Bight Marina had 184 berths occupied at 30 June 2012 (85%). • Metung Marina had 129 berths occupied at 30 June 2012 (90% of usable berths). • Chinaman's Creek marina had 64 berths occupied at 30 June 2012 (100%). 	<p>East Gippsland Livestock Exchange</p> <p>The East Gippsland Livestock Exchange processed 90,584 livestock this year.</p> <p>Aerodromes</p> <ul style="list-style-type: none"> • Bairnsdale • Mallacoota • Marlo.

Information Services	
<p>What do we do?</p> <p>Customer Service</p> <ul style="list-style-type: none"> • Provide staff with desktop IT support • Train all staff in systems, software and record keeping. • Build Management Systems (Environmental Management Systems / electronic systems, support, security systems). • Support Council's Outreach and Mobile Library Services with wireless Access. • Oversee printers and photocopiers. • Conduct customer surveys and process improvement programs. <p>Technical Services</p> <ul style="list-style-type: none"> • Organise organisation communications (mobile, fixed telephone, data services, video conferencing, network). • Network services (back-end Infrastructure). • Database administration and maintenance. • Computer application maintenance and support. • IT project management. • Develop and create interfaces for Council's website and intranet. 	<ul style="list-style-type: none"> • Technology disaster recovery and business continuity planning. • Project manages online services. <p>Corporate Records</p> <ul style="list-style-type: none"> • Process, record and distribute all correspondence received by Council, including internal and external mail and courier deliveries. • Manage courier services to Council service centres. • Information (records) management. • Archive management. • Corporate library. <p>Did you know?</p> <ul style="list-style-type: none"> • 92,400 items of correspondence were processed through the Corporate Records unit this year. • Over 99.4% uptime across all corporate Information Technology Systems. • Implemented a print cost reduction plan to deliver a 52% reduction in costs over five years. • Implemented a new communications link providing increased speed and redundancy. • Upgraded 96% of the server environment to a virtual platform, reducing energy costs. • Conducted major upgrades to two core applications. • Upgraded Council's corporate website.

Staff profile

Council's staff is one of its most valuable resources. East Gippsland Shire Council has a commitment to being an employer of choice, with a focus on attracting and retaining excellent staff to ensure a high level of customer service delivery.

The *Local Government Act 1989* requires a 'Code of Conduct' for Council staff. Under the code, staff are required to:

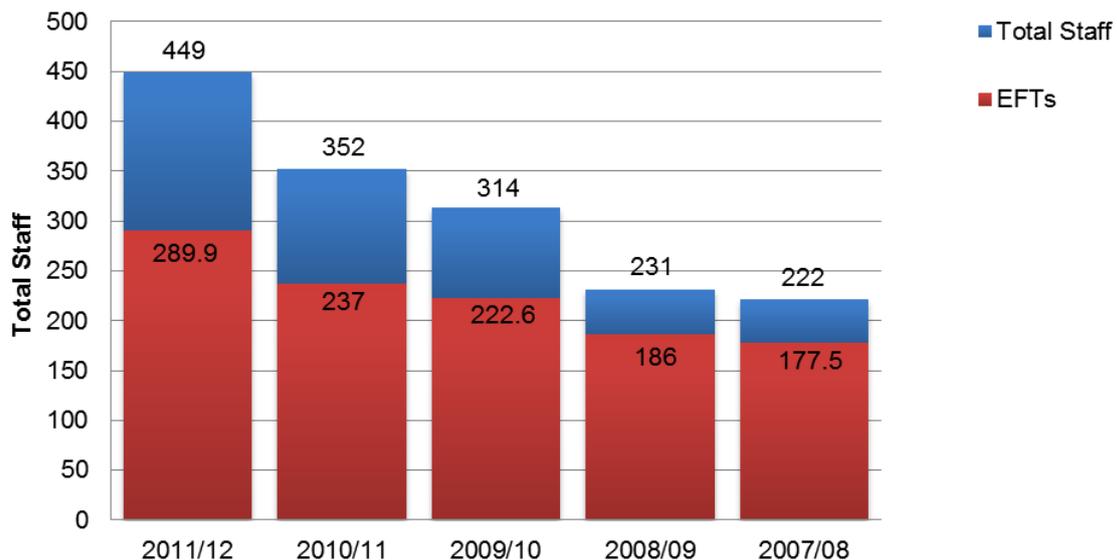
- act impartially;
- act with integrity and avoid conflicts of interest;
- accept accountability for results; and
- provide responsive service.

The staff 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 Council staff on the standards expected of them as they carry out their daily work. Those standards include honesty and integrity, and commitment to treating all people with courtesy and respect.

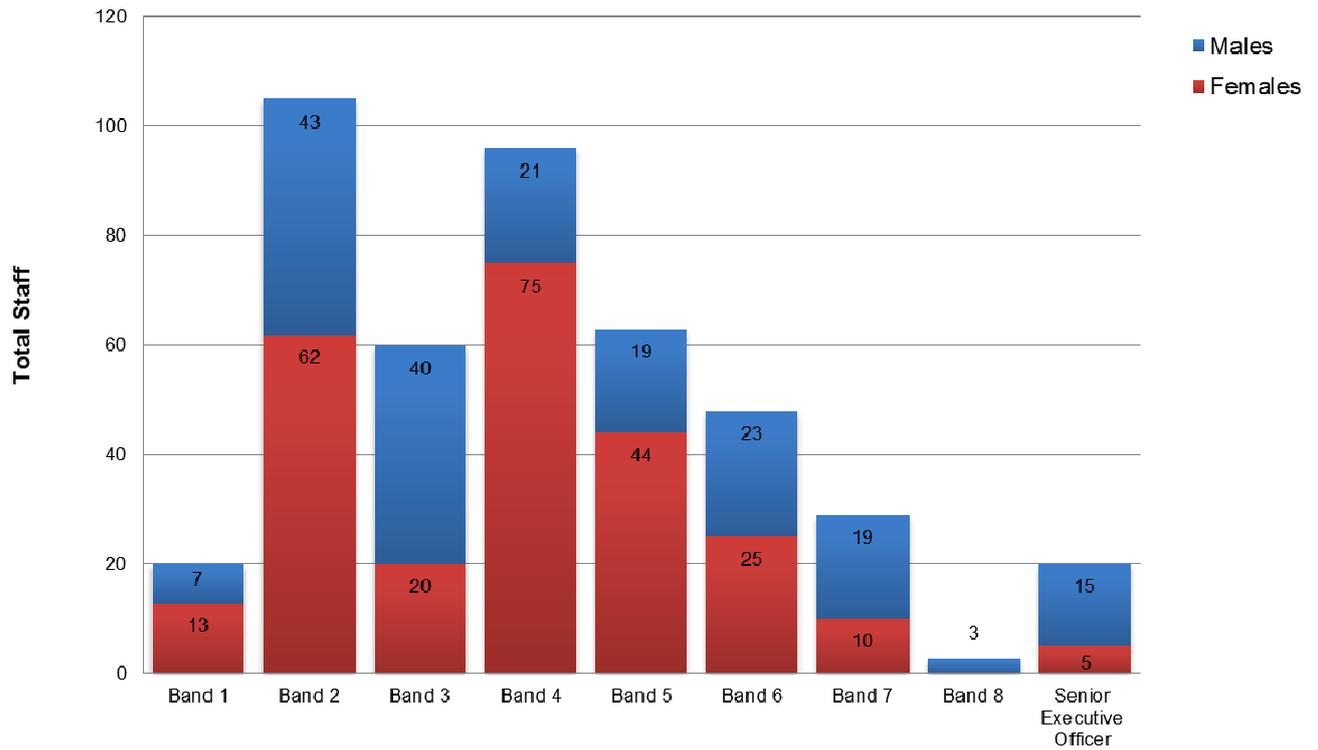
The figures below represent the total number of staff working in the organisation. The equivalent full-time (EFT) positions for 2011/12 are 289.9; this represents an increase of 22.3% over the 2010/11 year.

Changes in staff levels from 2010/11 include outdoor staff appointed to deliver Parks and Gardens, Tree Maintenance and Waste Transfer Station services brought in-house. Total staff numbers for 2011/12 and the four previous years are shown below.

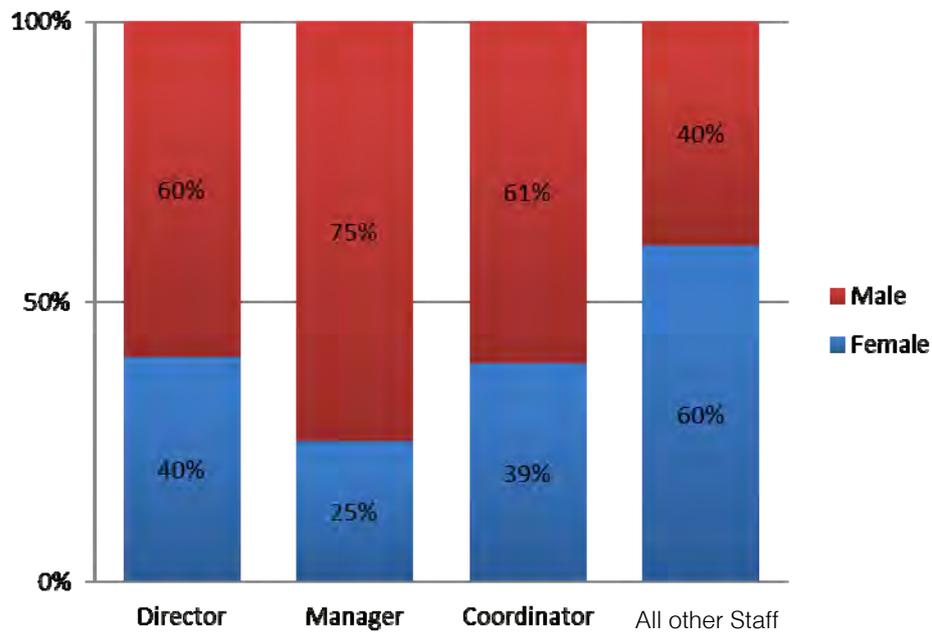
Total staff numbers



Total staff numbers by salary band and gender 2011/12



Job level by gender

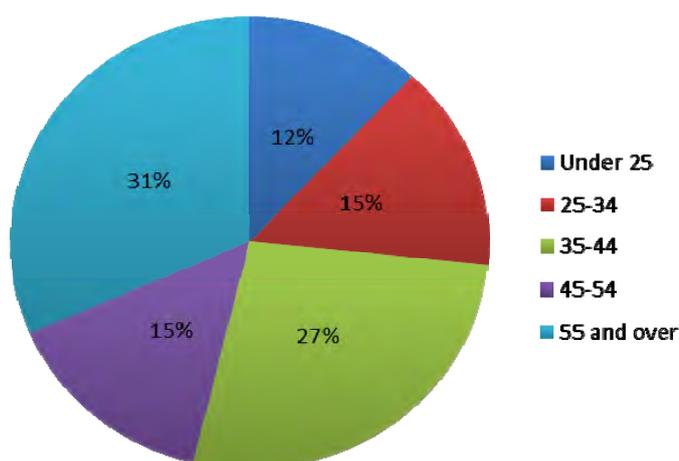


Job Level	Female	Male	Total
Director	2	3	5
Manager	3	12	15
Coordinator	14	22	36
All other Staff	237	156	393
Total	256	193	449

Contract Staff (Directors)		
		Salary Range*
	4	\$160,001 - \$170,000
	1	\$171,001 - \$180,000
Total	5	

* Total remuneration package

Percentage of staff by age group

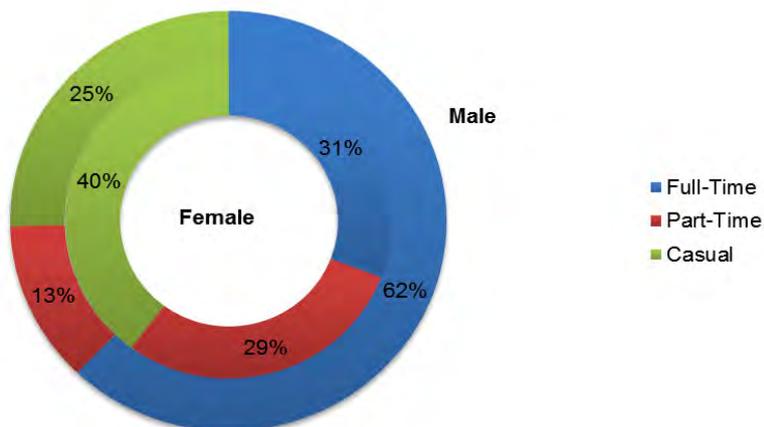


Percentage of equivalent full-time staff by employment type

Council employs staff with a diverse range of skills in order to provide the many services required by the East Gippsland community. Council is committed to flexible work practices that provide a supportive and inclusive environment for staff to contribute and succeed, while maintaining work / life balance.

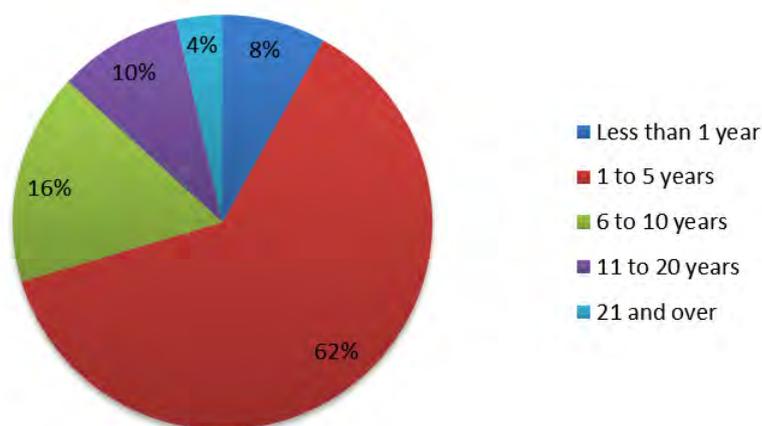
This provides benefits for the community by making sure appropriate levels of resourcing are maintained to deliver our services; and also for our staff, by providing a supportive and inclusive work environment. The distribution between these employment types is shown in the graph below.

Staff by employment type



57% of current East Gippsland Shire Council staff are female, and 43% are male.

Length of service profile



Organisation development

Empowered and well trained staff are critical to the delivery of the wide range of services we provide to our community.

Through the Organisation Development team, Council has a number of programs in place to support, develop and enhance the skills and wellbeing of staff, to help them perform at their best. These include formal and informal training programs, a health and wellbeing program, support for further study and work plan development to ensure continuous improvement.

These training and development opportunities allow staff to learn new skills in their current position and encourage retention of skilled personnel within Council.

Organisation Development also leads an annual program of community satisfaction and service improvement surveys. In 2011/12, three external community satisfaction surveys were conducted in partnership with the relevant service unit. The areas surveyed were development approvals, East Gippsland Livestock Exchange and the services and facilities within Council's parks and gardens. A number of service improvement actions were identified and implemented as a result of the surveys.

Occupational Health and Safety

WorkCover

Council is committed to the safety, health and well-being of its employees and continual improvement in workplace health and safety performance.

During the year, the Occupational Health and Safety Coordinator continued programs designed to reduce illness and injury rates, and promote risk management and safety and health principles. In 2011/12:

- Fifty-four workplace incidents were reported compared with 41 the previous year. Only two of these incidents resulted in lost time through injury.
- Three WorkCover claims were lodged, compared to four in 2010/11. One was a minor claim for medical expenses only, two resulted in lost time but both were below the employer excess (less than 10 days lost).
- WorkCover claims, as a percentage of staff was 0.67%, compared to 1.13% in 2010/11.

Council's indicative performance rating is 0.53. This means that our claim costs compared to remuneration is 47.21% better than the average for the industries in which we operated over the last three years.

The projected average industry premium rate for the industry in which Council operates is currently 1.75%. Our projected premium rate is 0.93%. This is the product of our indicative performance rate and our industry rate.

Policy Year	Premium Rate %	Weighted Industry Rate %	Paid claims per \$1m Remuneration	Claims Cost per \$1m Remuneration	Claims Incident Rate	Average Claim Cost
2008/09	1.4697	1.5070	0.25	\$566	1.47	\$2302
2009/10	0.9655	1.5397	0.40	\$7,122	2.39	\$17,886
2010/11	0.8938	1.7432	0.19	\$2,536	1.17	\$13,055
2011/12	1.0211	1.8000	0.05	\$406	0.32	\$7566

Section Two

Performance against the Council Plan 2009-2013

Planning framework

East Gippsland Shire Council's corporate planning and service delivery framework is structured around the four strategic themes identified in the community's long-term vision, 'Unlocking the Future – 2030', together with a fourth theme of governance.

These four themes are:

Liveability: Strong and vibrant communities create healthy, productive and fulfilling places to live.

Sustainability: Proactive leadership and strategic partnerships protect and enhance our quality environment.

Productivity: Investment and visitation develop a sustainable and prosperous economy.

Governance: Strong leadership and prudent management of democratic and legislative requirements deliver good governance outcomes.

Each of these strategic themes is underpinned by:

- Outcome statements that articulate what is to be achieved. For each outcome, a range of indicators have been established that will form the basis of assessing progress.
- Strategies that provide direction on how the outcomes are to be achieved.
- Priority actions that are to be implemented and the timeframe for implementation.

The Plan also identifies the resources that will be required to achieve the strategic objectives over the next four years.

The Council Plan is Council's medium-term response to the community vision, outlining the key priorities over the four year period.

A number of short-term strategies, policies and plans guide the activities Council undertakes to achieve its strategic objectives and to deliver its vision to work with the community to ensure a sustainable future through liveable and productive communities supported by a healthy environment.

The Corporate Planning Framework sets out the relationship between the community and the Council, together with the linkages progressing through the planning and action phases of the cycle.

The corporate planning framework is visually represented in the following diagram:

COMMUNITY NEEDS AND EXPECTATIONS
Community Research, Consultation and Engagement

LONG-TERM COMMUNITY VISION 2030

COUNCIL
Providing Leadership and Good Governance

COUNCIL PLAN
Providing Direction for the Four-Year Term of Council

STRATEGIES AND PLANS
Municipal Strategic Statement
Planning and Development Strategy
Municipal Health Plan
Long-Term Financial Strategy
Community Plans
Urban Design Framework
Foreshore Management Plans

ANNUAL PLANS AND BUDGETS
Annual Operational Budget
Capital Works Program
Business Unit Plans
Staff Work Plans
Works Contracts

MEASURING/REPORTING SUCCESS
Strategic Outcome Indicators
Key Performance Indicators
Annual Report
Community Reporting
Staff Performance Reviews
Contractor Performance Reviews
Councillor Performance Reviews

IMPROVING OUTCOMES
Process Improvements
Community Research, Consultation and Engagement

Strategies and Plans adopted in 2011/12

The following strategies, policies and plans were reviewed or adopted by Council in 2011/12.

Review of the Community's Long-term Vision Unlocking the Future 2030 (Reviewed May 2012)

In November 2008, Council endorsed the Long-term Vision for East Gippsland – *Unlocking the Future 2030*. This document was developed with input from across the community, to provide a high level description of what the community would like to be in 2030.

The Long-term Vision is intended to be a document that describes the future aspirations and priorities of the community. This is a document that can be used by Council and ideally other organisations, to guide the work we do and to jointly focus action across organisations. It is intended that the Vision will be published as a stand alone document for wide distribution.

The current Council Plan includes an action to review the Long Term Community Vision. While it is not usual to undertake a major recasting of a long term vision, it is appropriate to check that the aspirations of the community have not changed in any significant way and to determine whether there are new or emerging opportunities and priorities that have been identified but are not recognised in the Vision.

The review of the Vision has been the first step in an integrated process of reviewing Council's corporate planning framework and preparing to work with the incoming Council to develop the next four-year Council Plan.

The review has involved gathering information through targeted and non-targeted community and key stakeholder consultation sessions, including specific sessions with Advisory Boards and staff. This information has been collected and now forms part of a detailed database.

Other information has been sourced from community plans, including those endorsed by Council and those in draft form, as well as identifying information gaps that have become apparent because of modifying the format and approach to the document. This information has been brought together with the content of the current vision to create a revised document that remains true to the intent of the current vision.

The Draft Revised Vision focuses on:

- those things that the community values about East Gippsland and would like to retain or enhance; and
- priorities for future action.

Revised Council Plan 2009-2013 (adopted June 2012)

The *Local Government Act* 1989 (the Act) requires Councils to prepare and approve a Council Plan within a period of six months after each general election or by 30 June (whichever is later). The Council Plan must include the strategic objectives of Council, together with a plan for achieving the objectives for the next four years. Council must also review the Plan on an annual basis to determine if any adjustments are required.

The Council Plan 2009-2013 was initially developed following extensive community consultation using the principles documented in the community's Long-term Vision for East Gippsland – *Unlocking the Future 2030*.

For 2012/13, which is the final year of Council's four year plan, adjustments to the Council Plan 2009-2013 were relatively minor and did not materially affect Council's goals, outcomes and objectives. The adjustments relate mainly to strategic indicators and the need to update some information in the Plan. The changes proposed are intended to clarify or refine the strategies and actions being undertaken, to ensure they accurately reflect the priorities and objectives of Council and its community.

Annual Budget 2012/13 (Adopted June 2012)

Council's Annual Budget defines the distribution of funds and resources required to achieve the priorities identified in the four-year Council Plan.

The Budget is based on the best practice guide for reporting in Local Government. It provides a range of financial information and recognises the differing levels of stakeholder interest in local government finances.

The Annual Budget 2012/13 builds upon the strategic directions set by Council in 2011/12 and closely reflects the direction set in the Council Plan. Council has framed a budget to ensure long-term financial sustainability, while maintaining the community's long-term vision of building for the future, and maintaining the delivery of essential services to the community.

OurPlace, OurPlan, OurFuture

Council has been intensively engaging and consulting with communities across the Shire to develop Community Plans. In each case community meetings, local workshops and forums have been held; and other opportunities developed to involve as many people as possible in working with Council to determine the future aspirations and priorities of their community. In most cases, communities established a Planning Partnership Group, drawing on representatives from a broad cross-section of the community to work with Council and guide the development of the plan for their community.

Community Plans for Buchan and District, Twin Rivers District, Omeo Region and Metung Nungurner District have been finalised and endorsed by Council. These Plans inform the work that Council will do in these communities and Council continues to work with these communities to implement priority actions from the plans.

Plans are nearing finalisation in Nowa Nowa and District, Mountain Rivers District, Bruthen and District and Paynesville and District. These plans, once considered by the community will also be presented for endorsement by Council.

Together with existing plans developed for Orbost and Lindenow and District, completion of these Community Plans means that Council now has 10 Plans developed with communities across the Shire that provide a sound basis for both Council and community members to work towards achievement of agreed community priorities.

East Gippsland Shire Council community engagement policy and guidelines

To complement this approach, the organisation also developed a Community Engagement Policy and Guidelines and trained over 30 staff in contemporary engagement practices. This signals the organisation's commitment to reaching out and listening to its many communities.

Other strategies and plans

Other strategies and plans adopted by Council in 2011/2012 are:

- Climate Change Adaptation Action Plan
- East Gippsland Fire Management Plan
- East Gippsland Planning Scheme amendments

- East Gippsland Regional Youth Plan
- East Gippsland Visitor Information Services Review Report
- Flood Emergency Plan
- Great Alpine Road Marketing – new Memorandum of Understanding signed
- Raymond Island Access Plan - future access to be via a new ferry once the existing ferry reaches the end of its working life
- Roadside Vegetation Plan
- Urban Road Improvement Plan - progressive upgrades to identified urban roads in Bairnsdale and Lakes Entrance
- A 10 Year Financial Plan, accompanied by a 10 Year Capital Works Plan, is included in the 2012/13 Budget. This is the first time these plans have been provided for a 10-year period.

Policies

East Gippsland Shire Council also formally adopted the following policies in 2011/2012:

- Asset Management Policy
- Procurement (and Purchasing) Policy.

How we report on our strategies and plans

East Gippsland Shire Council is committed to transparent reporting and accountability to the community. Regular reporting to the community is undertaken through formal quarterly reports to Council' and the production of an Annual Report. These reports track the progress of performance against the Council Plan.

Achievement of the Council Plan is tracked all through the year. Quarterly performance reports detail progress against each commitment, and the status of activities.

An annual community satisfaction survey is conducted by an independent research company to determine the community's satisfaction with overall performance and performance within specific service areas. Council undertakes additional surveys annually to determine community satisfaction levels in relation to specific service areas.

Departmental business unit plans and individual performance plans are also reviewed on a regular basis.

Through regular review and reporting on our progress against our plans, we are able to take action where necessary and adapt to the changing needs of the community and other impacts on the internal and external environment.

Performance against the Council Plan 2009-2013

Results against the key activities outlined in the *Council Plan* for the 2011/12 financial year are listed under five sections:

Achievement and highlights

This details the highlights and achievements against Council's strategic objectives during 2011/12.

Council Plan progress report

The progress status of each *Council Plan* action is presented in accordance with the final quarterly progress report for the reporting period, which was adopted by Council in August 2012.

Three progress status classifications are used throughout the *Council Plan* progress report:

Target Achieved/Completed	(✓)
Commenced and progressing to achieve target	(→)
Delayed	(X)

Where an action is delayed, an explanation is given.

Community Satisfaction Survey 2012

Each year the Department of Planning and Community Development's (DPCD) conducts a Local Government Community Satisfaction Survey; 71 of Victoria's 79 municipalities participated in 2012.

The objectives are to assess the performance of Councils across a range of measures, to seek insight into ways to provide improved or more effective service delivery, to provide Councils with a means to fulfill some of their statutory reporting requirements, as well as acting as a feedback mechanism to DPCD.

East Gippsland Shire Council's results for 2012 are reported in this section.

Following extensive research and consultation, Local Government Victoria identified that previous community satisfaction surveys and result report needed improvement, to meet future needs of participating Councils.

As a result, a new methodology and changes to the previous content were made to the 2012 survey, in order to provide the sector with more reliable and meaningful results to inform decision making and support strategic planning. These changes include an improved index calculation system, sample size changes, a change from a household head survey to a population representative survey and reframing many of the questions.

The community satisfaction survey results within this Annual Report should be considered as a benchmark and cannot be measured against targets set out in the *Revised Council Plan 2009-2013* and *2011/12 Annual Budget*.

As direct comparison with previous survey results is not possible, wherever appropriate, results for East Gippsland Shire Council for the 2012 community satisfaction survey have been compared against other Councils in the Large Rural Shires group.

The Councils in the Large Rural Shires group are Bass Coast, Baw Baw, Campaspe, Colac Otway, Corangamite, East Gippsland, Glenelg, Macedon Ranges, Mitchell, Moira, Moorabool, Moyne, South Gippsland, Southern Grampians, Surf Coast and Wellington.

Challenges

This section outlines the challenges encountered in delivering Council's commitments.

Looking ahead

This section briefly outlines what lies ahead for each of the commitment areas.

Liveability

Strong and vibrant communities create healthy, productive and fulfilling places to live.

Achievements and highlights

Support, encourage and work with citizens and community groups to identify their own needs and aspirations and how to achieve them; and provide responsive, high quality services and facilities.

OurPlace, OurPlan, OurFuture

Council coordinated a major project to develop community plans for eight communities across East Gippsland. Community meetings, local workshops, forums and other opportunities took place. These meetings sought to involve as many people as possible to work with Council to determine the future aspirations and priorities of their community.

Promote active living and participation in community life

Council's first Access and Mobility Plan was put into action. The plan guides the development of footpath infrastructure in East Gippsland over the next 10 years. This includes the rollout of approximately 50 kilometres of safe and accessible pedestrian infrastructure over 150 projects in 26 townships, starting with Lindenow, Marlo and Paynesville.

A disabled access Fishing Platform was opened in Mallacoota.

Let's GET Connected

A number of projects were completed as part of this program to connect remote towns to better services:

East Gippsland now has a public bus service operating between Marlo and Bairnsdale at peak commuter times. More than 20 townships connect to the corridor and benefit from the 42 new and improved bus services, which allow residents in Marlo and Orbost to travel to and from Bairnsdale in the same day.

A permanent bus service between Omeo and Bright (the Alps Bus Link) was funded by Public Transport Victoria, following a successful trial run by the Let's GET Connected project. The service runs a snow bus in winter and a regular bus service in

summer. It is the first time Victoria's high country towns have been linked by public transport.

Funding of \$90,000 was committed for part of the Aboriginal Driver Education project, run in partnership with Mission Australia. In the past year, hundreds of participants from our Aboriginal community secured their learners permits and probationary licences. As a result, more than 60 participants had successful employment outcomes and there were 80 enrolments to education and training programs. The project also helped more than 400 people get hold of their birth certificate or register their birth for the first time.

Funding of \$85,000 was secured over two years from the Department of Planning and Community Development Transport Connections Innovation Fund to develop, implement and promote a regional online car-pooling project. The Gippsland Regional Car Pool and Ride Share Trial aims to provide an affordable shared private-transport option. It will improve access to employment and education options by linking people who require transport with those who have a spare seat in their car. The program is run in partnership with five Gippsland transport connections projects, job search agencies, education, business and tourism sectors across six Gippsland Shires.

Enhance the level of community safety and security currently experienced by the community

There has been an increase in the number of pets being reunited with their owners, through a new 'Find a Lost Pet' service on Council's website and in local newspapers.

The Victorian Government's revised *Public Health and Wellbeing Act 2008* was implemented.

Micro chipping exemptions for working dogs have been introduced in response to concerns raised by the farming community. This exemption benefits those in the more remote areas who have limited access to

veterinary services to insert a microchip, but maintains the requirement to register those animals.

Plan, develop and provide opportunities for the community to participate in recreational and cultural activities

Council partnered with artists, performers, galleries and venues to deliver events throughout May 2012 as part of the highly successful *Creative Gippsland Be Inspired* festival. The festival is a cross-border initiative between the six neighbouring Councils in Gippsland - Bass Coast, Baw Baw, South Gippsland, Latrobe City, Wellington and East Gippsland.

A Public Art installation entitled 'Tragedy and Comedy' was installed at the Forge Theatre and Arts Hub. The artwork was designed and constructed by local artist Hendrik Forster. The theme of the sculpture relates to the culture and activities of the Forge Theatre and Art Hub.

Council continued its partnership with the East Gippsland Aboriginal Arts Corporation to exhibit local Aboriginal artwork in the Brabuwooloon Gallery.

A major project was undertaken to upgrade facilities at Bairnsdale City Oval, including new lighting, sealed roads and car parks and improvements to drainage, power supply and landscaping.

Living Longer Living Stronger, a health and wellbeing program for older adults was introduced at the Bairnsdale Aquatic and Recreation Centre (BARC) and the Lakes Entrance Aquadome. A healthy menu program has also been introduced at the BARC, providing healthy meal choices to people using the centre.

A Shire-wide Aquatic Feasibility study was completed. The study included widespread community consultation throughout the Shire, and a Master Plan for the re-development of the BARC site. Options have now been prepared and will be presented to Council in February 2013.

A significant upgrade to the Lakes Entrance Aquadome was completed. This included a new group fitness room; a separate spin class room; and the gym area was increased by 40%. Further enhancements were made to

the centre entrance, including automatic doors for all-abilities entry to the centre and the pool deck.

Anticipate and respond innovatively to diverse and changing needs in our community

Council became a signatory to the Gippsland Youth Commitment, which supports young people in their employment and education opportunities across the region. The commitment builds on the successful development of the *East Gippsland Regional Youth Plan*.

VicRoads funding of \$320,000 was secured over three years for the VicRoads *Gippsland East L2P Program*. The learner-driver mentor program, which is run in partnership with Wellington Shire, Mission Australia and VicRoads, assists drivers under 21 years who do not have access to a supervising driver or vehicle to gain the driving experience required to apply for a probationary licence. In the past year, Council has supported 167 young disadvantaged people, including 120 who have their learner's permits and 23 who have achieved their probationary licences. Sixty volunteers have been trained as supervising drivers across East Gippsland.

Council secured \$85,000 from the Department of Planning and Community Development Transport Connections Innovation Fund for a one-year pilot project, the *Gippsland Regional Virtual Visiting Trial*. The trial aims to support aged-care residents at risk of social isolation by helping them interact with their friends and family using Skype and other forms of social media. The project is engaging and training volunteers to assist.

A project officer was appointed to assist with running youth engagement programs, having secured funding under the Victorian Government's Engage! Program. The program aims to encourage young people aged 12-25 years to participate in and benefit from civic, economic and social activities in their community. Council continues to partner with the Smith Family, Community College East Gippsland and the East Gippsland Local Learning and Employment Network to deliver the program.

East Gippsland residents continued to arrive safely at health-care appointments in

Melbourne through Council's on-going support to the Melbourne Medical Companion Project. Philanthropic groups and individuals donated a further \$75,000 towards the project, which provides trained volunteers to accompany country travellers to their appointments after meeting them at Southern Cross and Flinders Street railway stations.

Council participated in the Victorian Healthy Food Basket survey. The survey was completed across the Shire and will allow us to compare East Gippsland's food consumption patterns with other regions and provide benchmarking data to refer to in future years.

Submissions were made to the Parliamentary Inquiry into Environmental Design and Public Health in Victoria and the Expert Panel advising the Minister for Higher Education and Skills on the Gippsland Tertiary Education Plan.

Support quality community services and facilities that are responsive to the needs of the community and assists citizens to release their full potential

Council's Mobile library service was moved to a place-based model. The integrated place-based model is an effective solution to the challenge presented by the size and geography of East Gippsland. Services delivered using this model are more flexible and responsive to the needs of individual communities.

Council opened a Westpac banking agency in the Omeo Service Centre, ensuring the Omeo community retains access to important services.

Extensive community feedback was used to develop the concept plans for re-development of the Bairnsdale Library.

Council Plan progress report

Strategic Objective: Cohesive communities with a strong sense of identity involved in the development and implementation of shared vision

Activity	Comment	Status
<i>Strategy: Encourage and promote a sense of community and belonging</i>		
Develop a Cultural Diversity Plan.	The Cultural Diversity Plan and Disability Action Plan will be replaced by a Diversity, Access and Social Inclusion Plan. The new plan is due to be completed by October 2013, as part of Council's review of the Community Wellbeing Plan.	→
Develop programs that promote Aboriginal reconciliation and promote indigenous culture.	Council delivered a number of programs this year in partnership with our Aboriginal community, including: NAIDOC week in July 2011; a housing issues meeting held in Lakes Entrance; Vibe 3on3 basketball event held in March 2012; Skate park "Kids in Motion"; the Reconciliation Week Elders Cruise; participation on local and regional Aboriginal Justice Advisory committees; Bairnsdale Aboriginal Children and Family Centre Project Group; development of the Bairnsdale Central Business District public art project with the East Gippsland Aboriginal Art Corporation; an exhibition by the East Gippsland Aboriginal Arts Corporation in the new Brabuwoolooong Gallery; planning meetings for Reconciliation Week; and cultural awareness training sessions.	✓
Support the provision of mechanisms including new technologies to help communities interact with each other alongside the implementation of the Strategic Accessible Information and Lifelong Learning Plan through the library service.	Council's <i>OurPlace, OurPlan, OurFuture</i> webpage allows community members to access general information and updates on community plans and activities. The Bairnsdale Library upgrade proposal includes technology that will help people living in our remote communities to communicate with other communities. Council's new Mobile Library vehicles have been fitted with improved technology to support delivery of activities to communities across the Shire.	✓
<i>Strategy: Support, encourage and work with citizens and community groups to identify their own needs and aspirations and how to achieve them, and to provide responsive, high quality services and facilities</i>		
Develop Community Plans with the eight identified communities of Omeo Region, Buchan and District, Metung-Nungurner District, Twin Rivers District, Bonang and District, Mallacoota and District, Bruthen-Nowa Nowa District and Paynesville	Community Plans for Omeo and District, Buchan, Metung-Nungurner and Twin Rivers were adopted at the December 2011 Council meeting. The Community Planning team is working with these communities to prioritise and start projects. Development of Community Plans is progressing in Bruthen, Nowa Nowa, Bendoc/Bonang and Paynesville and District. Three of these plans have been approved by Council and	→

surrounds.	released for feedback from the community. Council is also working with the Mallacoota community on a community planning exercise.	
Implement Council's high priority actions from each Community Plan within three years following the endorsement of each plan.	A process to prioritise and implement key actions from Community Plans is being developed in partnership with each community. Priority capital projects from the adopted plans have been included in the 2012/13 Budget. Council will be briefed on these projects in the first quarter of 2012/13. External funding is being sought from the Department of Planning and Community Development (DPCD). Support for non-budgeted programs continues.	→
Conduct community capacity building programs to support the development of individual community plans that enhance connectivity, increase self-reliance and reduce vulnerability.	Community planning facilitators partnered with local planning partnership groups to identify and progress projects in a number of communities. Council provided support for a number of activities across communities to increase community participation and understanding of future challenges.	→
Operate Advisory Boards to assist Council in setting strategy and undertake a review of the role of the Boards.	Council's Advisory Boards continued to meet on a quarterly basis in line with their adopted Terms of Reference. A review of the role of the Boards is being undertaken as part of the review of the long-term community vision <i>2030 – Unlocking the Future</i> and Council's corporate planning framework. The outcomes of this review will inform the future role and structure of Council's Advisory Boards.	→
Review the Unlocking the Future - East Gippsland Long-Term Community Vision, having regard for significant community impacts.	Facilitated workshops were held with the community, Councillors, Advisory Boards and Council staff to review the community's priorities and make sure the vision document remains current.	→
Implement Council's high priority actions of the East Gippsland Regional Performing Arts Strategy.	The <i>Performing Arts Strategy 2011-2015</i> was adopted by Council at the June 2012 Council meeting. Actions identified as high priority have started, with progress against these actions reported to the Arts and Culture Strategic Advisory Board quarterly.	→

Strategic Objective: An active, healthy and safe community engaged in recreational, arts and cultural activities

Activity	Comment	Status
<i>Strategy: Promote active living and participation in community life</i>		
Implement Council's high priority actions of the Community Wellbeing Plan within three years of adoption.	The results of this year's review of the <i>Community Wellbeing Plan</i> have been presented to Council. Council has started talks with key community health organisations to develop the next version of the plan.	→
Review the East Gippsland Access and Mobility Plan.	Council adopted the <i>Access and Mobility Plan</i> at the 13 December 2011 Council meeting. This plan suggests over 150 individual projects to upgrade footpaths in 26 localities across the Shire. The projects are sorted into short, medium and long-term priority.	✓
Implement Council's high priority actions of the East Gippsland Access and Mobility Plan.	Budget has been allocated to complete 70% of the short-term priority projects within the next three (3) years. An internal working party has been set up to guide planning and completion of the projects.	→
<i>Strategy: Enhance the level of safety and security currently experienced by the community</i>		
Review the East Gippsland Municipal Emergency Management Plan.	The Municipal Emergency Management Planning Committee has approved a number of updates and changes to the <i>Municipal Emergency Management Plan (MEMP)</i> and the <i>Municipal Fire Prevention Plan</i> . The revised plan has been endorsed by Council. The MEMP was audited in December 2011 with an extremely positive result. The East Gippsland Plan is being used across Victoria as an example of best practice.	✓
Implement Council's high priority actions of the East Gippsland Municipal Emergency Management Plan. This includes ensuring Council's readiness to respond to emergencies, community preparation for each fire season,	Council actively participates in local and regional meetings with key emergency management agencies and organisations on emergency management planning and preparation. Essential planning and approvals processes have commenced to approve Township Protection Plans and Neighbourhood Safer Places. Council works with communities to organise Local Incident Management Plans where required.	→

conducting ongoing training of Officers involved in emergency activities, and ensuring good communication and cooperation with the community.	The Emergency Management team ensures that the organisation is well prepared and that staff are trained and rostered to respond to large emergency incidents. The team is also updating the municipality's risk register.	
Implement education, enforcement and service delivery of Council's local laws and public health programs to enhance community safety.	Council runs a number of activities to support community safety. These included a Shire-wide fire hazard reduction program; publishing information on new state requirements for dangerous dogs; a food safety newsletter distributed to all food premises; four municipal prevention plan meetings held in major towns; five domestic animal microchipping days held in Lakes Entrance, Bairnsdale, Swifts Creek, Omeo and Orbost; registration programs run to make sure Department of Health requirements were complied with, and information and notification processes put in place to ensure businesses were aware of and abided by new laws.	→
Maintain strategic relationships with emergency services, community groups and relevant agencies to support community safety.	Council's Emergency Management team maintains relationships with emergency services, community groups and relevant agencies. This includes quarterly meetings of the Municipal Emergency Planning and Recovery Committee, which is made up of a wide range of agencies involved in emergency planning and activities. Council staff participate in emergency management exercises run by partner agencies. The Municipal Emergency Coordination Centre has been set up to provide support during recent emergency events.	✓
<i>Strategy: Plan, develop and provide opportunities for the community to participate in recreational and cultural activities</i>		
Implement and review the East Gippsland Strategic Sporting Infrastructure Plan.	A number of projects have been completed or are being planned. These include croquet facilities in Lakes Entrance, improvements to Bairnsdale Oval, investigation of rowing facilities, discussions with the Department of Education about regional sporting facilities at the Bairnsdale Secondary College site and providing support for sporting clubs to get funding from Sport and Recreation Victoria to improve their facilities. Minor upgrades to some sports facilities have been funded through Council's Community Small Grants program, which supports local sporting clubs. A list of clubs awarded grants is provided later in this section of the Annual Report.	→
Develop the East Gippsland Integrated Trails and Shared Pathways Strategy including the Bicycle Strategy.	The community was invited to make comments on the draft strategy. The document was then presented to Councillors for endorsement at the July 2012 Council meeting,	→
Replace the Bairnsdale Outdoor Swimming Pool in line with user needs.	A Shire-wide Aquatic Feasibility Study will be considered by Council in August. If the preferred option is agreed on, Council will apply for \$3 million funding from Sport and Recreation Victoria's Better Pools Program. If funding is approved the project is expected to be completed by December 2014.	X
Implement Council's high priority actions of the Arts and Culture Strategic Plan.	Regular reports on progress to implement the strategy are reported to the Arts and Culture and Heritage Strategic Advisory Board and Council.	→

Strategic Objective: Services and facilities that support community diversity and connectivity, and promote quality lifestyles

Activity	Comment	Status
<i>Strategy: Anticipate and respond innovatively to diverse and changing needs in our community</i>		
Implement a Strategic Accessible Information and Lifelong Learning Plan through the Library Service.	The <i>Strategic Accessible Information and Lifelong Learning Plan</i> provided a platform for Council's submission to the Ministerial Advisory Council on Public Libraries. This provided an opportunity to define and present Council's unique approach for integrated place based services in East Gippsland. The plan also informed the concept for the new Bairnsdale Library project. The new Mobile Library vans are in operation. These place-based service operations assist with information accessibility.	→
Develop the Positive Ageing Strategy.	The <i>Positive Ageing Strategy</i> was adopted by Council and a detailed action plan has been released for public comment.	✓
Implement Council's high priority	Actions completed this year include improved transport for	→

Activity	Comment	Status
<i>Strategy: Anticipate and respond innovatively to diverse and changing needs in our community</i>		
actions of the Positive Ageing Strategy.	older residents, support for Home and Community Care (HACC) providers, new HACC agreements and actions, and an Ageing Expo to promote positive ageing. Learning and technology opportunities continue to be available to older residents through library programs and Council's Virtual Visiting project.	
Review the East Gippsland Youth Strategy.	A new two-year plan for youth, the <i>East Gippsland Shire Regional Youth Plan 2011-2013</i> , was developed as a result of the review of the East Gippsland Youth Strategy.	✓
Implement Council's high priority actions of the East Gippsland Youth Strategy.	Council received \$90,000 funding over three (3) years from the Department of Human services <i>Engage!</i> program. A Youth Engagement Officer has been employed to support Council activities. Activities include discussions with the Regional Youth Strategy Group on the development of a Youth Resource Centre, work with local youth strategy providers and discussions with the Department of Human Services on a revised approach to the provision of youth accommodation.	→
Investigate and implement ways to communicate, connect and engage with young people in line with the Youth Strategy.	Council is using <i>Engage!</i> funds to work with three youth strategy group providers to develop activities to engage with youth for the period of funding from 2012-2014. Activities will be developed in line with the <i>Regional Youth Plan</i> and include education and training, recreation, behavioural consequences and employment. Planning has started for a Youth Forum to coincide with National Youth Week.	→
Implement Council's high priority actions of the East Gippsland Early Years Plan including the improvement of facilities for families and young children.	Actions completed this year include development of a <i>Universal Access Change Management Plan</i> in consultation with communities across the Shire. Programs delivered under the Early Literacy project included funding secured for the Orbest Early Years Hub project, support for the Omeo Early Years Action Group to plan for future community needs, feedback to the community planning program on early years needs, and an Early Years Expo held in Lakes Entrance.	→
<i>Strategy: Support quality community services and facilities that are responsive to the needs of the community and assist citizens to realise their full potential</i>		
Implement Council's high priority actions of the East Gippsland Disability Action Plan.	Progress against the <i>Disability Action Plan (DAP)</i> is reported against and checked by the Disability Advisory Committee every two months. Of the 90 actions scheduled for delivery, 70 actions have been completed, 12 actions are ongoing and eight actions have not been completed.	→
Review the East Gippsland Disability Action Plan.	A new plan is being produced as part of Council's review of the <i>Community Wellbeing Plan</i> , to be completed by October 2013. The <i>Cultural Diversity Plan</i> and <i>Disability Action Plan</i> will be replaced by a <i>Diversity, Access and Social Inclusion Plan</i> .	→
Implement a revised remote community service delivery model.	Council's submission to the Ministerial Advisory Council on Public Libraries – Tomorrow's Library - provided an opportunity to present Council's unique approach to service delivery and engagement with our remote communities. The integrated place based model is an effective solution to the challenges presented by the size and geography of East Gippsland. A new Council Service Centre in Mallacoota will complete the network of Council Service Centres across our communities. The new centre will improve service delivery and engagement with the communities of Mallacoota and Genoa.	→
Implement an Affordable Housing Strategy.	This project is being reviewed. No budget has been allocated to progress development of a strategy. Funds have been sought from the 2012/13 Budget.	X
Review the operations and opportunities associated with the property at 55 Palmers Road Lakes Entrance.	This project has been included in the development plan for Lakes Entrance. Research has started on constraints and opportunities for the wider area plan. Delays are expected because of increasing difficulty with external agency conditions and funding limits. The project is expected to be completed in the first half of 2012/13.	→
Develop and implement a plan to resolve access to Raymond Island.	Resident information sessions were held on Raymond Island to consult with the community on the plan to resolve access. Council adopted a report on the various options for access at the March 2012 Council meeting. An evaluation model has been developed to assess the economic, social and environmental impacts of the options being considered.	✓

Activity	Comment	Status
<i>Strategy: Anticipate and respond innovatively to diverse and changing needs in our community</i>		
Upgrade Bairnsdale Library.	Council has applied for \$1.25 million funding from the government. Detailed design plans for the new library are being developed. Planning and heritage permit applications have been submitted.	→
Undertake a review of all leases and licenses to ensure they provide the community with the best outcome.	The draft process for renewal of leases and licenses has been completed and is awaiting management approval. All leases and licenses are reviewed before they are renewed. Assessment criteria are being finalised to clearly define what renewal process should be followed. Procedures have also been developed for expired leases and licenses.	→
Review the Community Allocations Policy for Community Facilities and work in partnership with Committees of Management.	A review of the policy was completed and Council adopted the new policy in April 2012. The new policy sets out conditions to make sure funds are fairly distributed to Committees of Management.	✓

Community satisfaction - Liveability

The Victorian government revised the survey methodology and content for the 2012 Community Satisfaction Survey. Further explanation on changes to the survey and how these results should be read is provided in this section under *Community Satisfaction Survey 2012*.

Performance measure	2012 Community Satisfaction Survey question	East Gippsland Shire Council Index Score 2012	Large Rural Councils average Index Score 2012
Providing quality Citizen Services	Thinking of the most recent contact, how would you rate East Gippsland Shire Council for customer service?	68	68
Providing quality Recreation facilities	How has Council performed on 'Recreational Facilities' over the last 12 months?	67	67
Improved appearance of public places	How has Council performed on 'The appearance of public areas' over the last 12 months?	71	70
Providing quality community services	How has Council performed on the following support services over the last 12 months?		
	Family Support	64	66
	Elderly Support	66	69
	Disadvantaged Support	59	62
	How has Council performed on 'Art Centres and Libraries' over the last 12 months?	70	73
	How has Council performed on 'Community and Cultural Activities' over the last 12 months?	64	66
Providing quality local laws services	How has Council performed on 'Enforcement of local laws' over the last 12 months?	63	65

Source: Department of Planning and Community Development (DPCD) Annual Local Government Community Satisfaction Survey 2012

Liveability challenges

- Geographical dispersion of our region poses challenges in equity and community inclusion in Council activities.
- Community expectation for arts development and library collections.
- Rapid advances in technological development and increasing community demand for online customer services.
- Implementation of State government legislative changes.
- Working with the community to foster community resilience and work with those

communities to better recognise vulnerable persons in emergencies.

- Growth in demand for services and providing remote communities with access to Recreation Centres.
- Creating a BARC master plan on the same site that the Department of Education is doing its own master plan.
- Extending the service-life of ageing outdoor pools.
- Providing cost effective entry to Recreation Centres, while remaining compliant with National Competition Policy (NCP) rules.

Looking ahead

Encourage and promote a sense of community and belonging.

Council will invest in up to six “technology enabled service hubs”. These hubs will provide customers broadband data and video conferencing facilities to better engage and interact with Council and other service provision agencies, facilitated by Council.

Support, encourage and work with citizens and community groups to identify their own needs and aspirations and how to achieve them; and provide responsive, high quality services and facilities.

- An ongoing commitment to community engagement throughout the organisation.
- Work with communities to implement actions outside Council’s control and advocate with these communities to achieve the Community Plan outcomes.
- Further develop the Forge Theatre and Arts Hub and the Performing Arts Program.

Promote active living and participation in community life.

- Manage the East Gippsland All Abilities Playground project. The project will deliver an accessible themed play space in Bairnsdale that reflects the East Gippsland landscape and major regional activities. This project is funded jointly by Council, the Victorian government and community fundraising.
- Review and redevelop the Municipal Public Health and Wellbeing Plan.

Enhance the level of community safety and security currently experienced by the community.

- Commence a project to develop a school based resource to improve immunisation coverage rates in schools.
- Revise and implement Council’s Domestic Animal Management Plan.
- Commence test purchasing to combat tobacco sales to minors.
- Introduce software for electronic registration of temporary and mobile food premises and submission of statements of trade.
- Further implement Local Incident Management Plans where community needs are recognised.

Plan, develop and provide opportunities for the community to participate in recreational and cultural activities.

- Develop an East Gippsland Transport Sustainability Plan with a focus on the Active Transport Infrastructure project, which aims to upgrade bicycle infrastructure and promote active transport as a way of getting around.
- Complete repairs to extend the service-life of the Orbost Outdoor Pool.
- Improve swimming and aquatic programs while reducing water usage at pools.
- Improve the amenity of Patterson Park, Metung and commence detailed design

work to upgrade Gilsenan Reserve in Paynesville.

- Develop an Open Space Strategy.
- Develop the BARC master plan and progress designs for the development of the aquatic extension to replace the ageing Bairnsdale Outdoor Pool.

Anticipate and respond innovatively to diverse and changing needs in our community.

- We will look at ways to provide cost effective programs to our ageing population.
- Improve customer satisfaction levels.

Support quality community services and facilities that are responsive to the needs of the community and assist citizens to realise their full potential.

- Implement the Disability and Access Plan, with further upgrades to footpaths and other infrastructure.
- Establish the Mallacoota Service Centre.
- Commence re-development of the Bairnsdale Library and provide interim library services during the building of the new library.
- Council will market test its revised lease arrangements through tenders for the Swifts Creek Caravan Park and the Cann River Rainforest Caravan Parks.
- Undertake a range of infrastructure projects identified in 2012/13 Capital Expenditure budget.

Sustainability

Proactive leadership and strategic partnerships protect and enhance our quality environment Achievements and highlights

Work actively with the community and other levels of government to protect and improve the environment for future generations

A Climate Change Adaptation Action Plan has been adopted by Council. This internal operational plan includes a risk assessment and guidance on priority areas for action and resources to help reduce Council's exposure to the impacts of climate change. It focuses on four main areas: climate change, dryness, extreme natural events and sea-level rise.

The Environmental Sustainability Community Awareness program continued. Several new brochures have been produced and a number of community events were organised. These included Environmental Weeds Awareness Day, a display of common garden plants with potential to become environmental weeds at the kiosk in Nicholson Street Mall; International Earth Hour; a Sustainable House Day showcasing four energy efficient East Gippsland homes; and the East Gippsland Field Days, where information was offered to record crowds of more than 8000 people on subjects such as renewable energy, waste management and recycling and how to reduce your carbon footprint.

Council helped local businesses develop and improve their sustainability practices through a Carbon Tax Forum. Eighty businesses attended to hear about projects such as the Gippsland Climate Change Network e-communities and learn about energy audits for small business and bulk upgrades under the Victorian Energy Efficiency Target scheme.

Energy audits were performed on all of Council's major buildings and facilities. Plans are in place to reduce Council's carbon footprint, energy use and costs.

In other organisational initiatives nine Council employees were trained in integrated energy management and an internal Resource Smart Action Group has been established to build internal capacity for increasing the organisation's environmental sustainability.

Significant weed-management activities were undertaken throughout the Shire, as a result of successful grant-funded programs. A \$10,000 Caring for Our Country grant was secured to control bitou bush (a weed of national significance) and the closely related bone seed. The work is being conducted as part of the *Caring for the Best* initiative coordinated by the East Gippsland Catchment Management Authority.

Council's Sustainability Coordinator was appointed as the Young Observer on the Victorian Local Sustainability Advisory Committee.

Responsibly manage the natural environment to ensure its sustainability and diversity

Funding of \$45,000 was secured under the Victorian Local Sustainability Accord to develop an Urban Waterway Strategy. The strategy will provide direction for urban waterway management in East Gippsland, including enhancing the existing stormwater drainage lines and adopting water-sensitive urban design.

"Landbanks" were established to offset the loss of native vegetation through essential developments and Council projects, such as the recent widening at Lake Tyers Beach Road. The vegetation at a landbank site is permanently protected and actively managed to improve its biodiversity quality. There are currently two landbank sites: 10 hectares of forest at Hunters Lane, Kalimna and 7.5 hectares of forest at Meridian Way, Newlands Arm.

The East Gippsland Roadside Vegetation Strategy was updated. The strategy supports Council's environmental obligations and assists with fire-management planning. The strategy will also link to the Native Vegetation Awareness program to train employees and contractors in plant recognition and vegetation management.

Cost-effective processes were developed for planning permit applications that involve removal of native vegetation. Council continues to provide advice and raise awareness of the importance of protecting native vegetation through the Native Vegetation Framework. Our natural resource planners negotiate offset plans to minimise the cost to Council and deliver environmental gains, where natural vegetation removal is required for Council projects.

Minimise and effectively manage waste generated by the community

Parks and gardens services and waste operations, previously supplied by contractors, were brought back into Council's operations. This provided direct cost savings and greater flexibility in delivering these services to our communities.

Implement appropriate planning and building controls to encourage quality development while protecting the environment

Regular face-to-face planning services sessions were introduced to Omeo, Orbost, Lakes Entrance and Paynesville, giving these communities better access to Council's planning services.

Fourteen amendments were made to the East Gippsland Planning Scheme to streamline the Scheme process. This cleared a backlog of outstanding amendments, improved operation of the scheme and in some cases removed the need to obtain planning permits.

Improved processes for obtaining planning certificates were introduced. These are now issued by the Land Titles Office, providing our customers with online access 24 hours a day.

A program to achieve consistent inclusion of key environmental performance considerations into planning permit approvals was implemented. This will lead to more sustainable outcomes and long-term community benefit.

Bairnsdale CBD Improvement Project

Council continued to work closely with the Bairnsdale Central Business District (CBD) Reference Group, businesses and the community on the Bairnsdale CBD Improvement Project and Walking and Wayfinding project. These significant projects aim to improve the physical urban environment

of Bairnsdale central business district, to better meet the needs of local residents, businesses and visitors.

The CBD Improvement project will create a contemporary, vibrant urban centre with public spaces that support commercial, cultural and social activity and a more sustainable city. Council has allocated funds for construction costs in the 2012/13 Budget and is seeking additional funding from the Victorian government.

The Walking and Wayfinding Project aims to make Bairnsdale a "walkable city". It will improve directional signage, information about local attractions that are accessible on foot, and the quality and safety of pedestrian facilities to benefit shoppers, visitors and traders. An expert report outlines a range of recommendations to increase walking in the CBD. Council is about to implement the first of these recommendations, the rollout of "wayfinding" street signs.

Land Use

Social Impact Assessment Guidelines for Development Applications were produced to help planners understand the effect of future major development on East Gippsland communities. The Strategic Planning unit presented the guidelines to a full board of the Victorian Planning Panel. Council employees have used the guidelines to conduct a study of the Lakes Entrance Northern Growth Area.

East Gippsland's Municipal Strategic Statement outlines Council's key objectives for development in the Shire and strategies to achieve it. Council made significant changes to modernise the document, which was written in 1997. The review will update the structure and the way the document reads, to bring it into line with contemporary standards.

The Lakes Entrance Northern Growth Area Outline Development Plan was developed by Council in consultation with landowners in the northern area of Lakes Entrance. The 40-year residential plan for the area will ensure that all residential development takes an integrated approach, incorporating best practice for sustainable residential subdivision for Lakes

Entrance. The community was actively engaged in the planning process.

Council staff worked with a range of potential developers to develop plans for subdivisions that will deliver contemporary new residential areas and local commercial centres for East Gippsland.

A biodiversity assessment of the Lakes Entrance Northern Growth Area was conducted in partnership with the Department of Sustainability and Environment. Council will use the assessment to develop a Native Vegetation Precinct Plan to inform planning. It is the first time Council has assessed biodiversity to inform the planning process. The assessment included a survey for threatened species of owl, including the powerful owl and the masked owl, and a preliminary survey of the green and golden bell frog and the growling grass frog.

A Land Use Plan for the Twin Rivers region was commissioned by Council and developed with extensive consultation and community input. The plan establishes a new planning framework to guide development in the townships and surrounds of Nicholson,

Johnsonville and Swan Reach for the next 20 years. It includes a Land Supply and Demand Review, a Strategic Framework and Zoning Review and a Community Structure Plan.

Develop and implement effective strategies and systems to manage Council's physical assets

A number of heavy rainfall and three significant flood events happened over the past year. Shire-wide damage occurred to an extent not seen for over 20 years. The flood events involved considerable effort in the initial response and the subsequent repairs completed by Council and its contractors, with damage into millions of dollars. The August 2011 and March 2012 response and repair works were completed within a few months, while repairs continue to be completed following the June 2012 event.

Remote area works crews were established at Mallacoota and Omeo. Community feedback has been overwhelmingly positive about the performance of these crews.

Council Plan progress report

Strategic Objective: Communities equipped for sustainable living

Activity	Comment	Status
<i>Strategy: Work actively with the community and other levels of government to protect and improve the environment for future generations</i>		
Ensure the development of Council facilities incorporates environmentally efficient design and technologies.	All building design tenders for Council's facilities include environmental design as part of the evaluation criteria.	✓
Implement the Council's high priority actions of the East Gippsland Environment Sustainability Strategy.	All high priority actions have been completed, are in progress or are ongoing. Key areas of focus include the environmental sustainability community awareness program, increasing sustainability practices in local businesses, extending our understanding of climate change, an energy and Greenhouse Gas reduction plan for Council operations, the roadside management plan review, native flora awareness, waste management strategy, sustainable design assessment in the planning process program, and the Lakes Entrance Northern Growth Area Biodiversity Assessment.	→
Undertake a climate change risk assessment for East Gippsland Shire operations and work with other levels of government to address issues relating to climate change and sea level rise.	The International Council for Local Environmental Initiatives (ICLEI) program for Adaptive and Resilient Communities has been completed and approved by Council. This document will guide future action by Council on climate change issues for our operations and the wider community. Separate reports will be provided to Council twice a year on progress of the plan. Related projects such as the Lakes Entrance Inundation and Adaptation project and the <i>Asset Management Strategy</i> will give Council more information about critical actions to manage climate change risk.	→

	<p>A high level review of the effects on Council infrastructure resulting from increases in sea levels and flooding has been completed. This review gives an initial understanding of the level of exposure and will continue as more information about the possible impacts becomes available.</p> <p>Council continues to communicate with other levels of government on managing climate change risk.</p>	
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Strategic Objective: A sustainable, healthy and diverse natural environment

Activity	Comment	Status
<i>Strategy: Responsibly manage the natural environment to ensure its sustainability and diversity</i>		
Implement initiatives to minimise the impact of dryness on parks, gardens, vegetation and sporting grounds.	<p>Moisture sensors have been installed across a number of recreation reserves, lawns and garden areas to control irrigation systems and deliver water savings. Further installations are to be rolled out.</p> <p>Negotiations commenced with East Gippsland Water to provide recycled water or harvest stormwater to use on Bairnsdale's Main Street gardens and various recreation reserves.</p>	→
Implement priority actions of the Sustainable Water Use Plan.	<p>Sustainable water use initiatives have been implemented at Council's new Bruces Road depot in Kalimna.</p> <p>An in-line treatment plant will be installed at the Bairnsdale Aquatic and Recreation Centre (BARC) to circulate water used by swimming pools. This will reduce the need to backwash the pools' existing filtration system. Additional sustainable water use initiatives are being scoped.</p>	→
Review roadside vegetation control practices concerning fire safety considerations.	A <i>Draft Roadside Vegetation Plan</i> was completed and approved by Council for implementation.	✓
Complete the Lakes Entrance Eastern Creek project.	<p>Construction of a high flow diversion pipeline was completed. Tenders were advertised in March 2012 for the supply and delivery of pipes, culverts and headwalls. The Nutrient Stripping Wetlands project will be completed by June 2013. Planning approval has been received for removal of native vegetation and East Gippsland Water will soon award the contract for necessary relocation of water and sewer mains.</p> <p>Council funding is included in the capital works program for 2012/13 and funding is confirmed with the Australian Government.</p>	→
<i>Strategy: Minimise and effectively manage waste generated by the community</i>		
Develop an East Gippsland Waste Management Strategy.	Council approved the Waste Management Strategy. The strategy will now go through a community consultation process.	→
Implement a 'Tip Shop' concept across all appropriate waste management sites.	The Tip Shop concept is in operation at all large landfills operated by Council or our contractors.	✓

Strategic Objective: A built environment that is adequately maintained and is sensitive to the region's natural attributes

Activity	Comment	Status
<i>Strategy: Implement appropriate planning and building controls to encourage quality development while protecting the environment</i>		
Review the Planning Scheme and implement high priority actions.	<p>Council commenced a review of the Erosion Management Overlay Amendment. The Department of Sustainability and Environment is reviewing the Environmental Significance Overlay.</p> <p>Stakeholder workshops have been completed and a review of Council's Municipal Strategic Statement (MSS) has commenced.</p> <p>Recent changes to the Bushfire Management Overlay and associated policies arising from the Victorian Bushfires Royal Commission have introduced some complexity to the planning scheme review process.</p>	→
Develop a Coastal Inundation Management Plan for Gippsland	The Lakes Entrance Inundation and Adaptation project commenced. The first stages of the project are being	→

Lakes Townships.	combined with the Department of Sustainability and Environment's Future Coasts program. The first project, which brings together all of the existing and historical information to support the development of the Local Coastal Hazard Assessment, was completed. The Department of Sustainability and Environment awarded a contract to specialist consultants to start the development of a Coastal Hazard Assessment. Work is in progress to develop an integrated communications and engagement strategy. Work being carried out by Council has been presented to Victorian and national Climate Adaptation forums.	
Finalise the Bairnsdale Growth Strategy.	A Central Business District (CBD) Reference Group was established. The <i>CBD Walkability and Wayfinding Study</i> and car parking survey have been completed and designs started. Other actions in the Strategy are being carried out as resources allow. Completion of the strategy will be included in the upgrade and improvement of the Municipal Strategic Statement (MSS).	→
Update the Urban Design Framework Master Plans and implement Council's high priority actions.	The Metung Marina land based design concept was completed. Reviews of the <i>Metung Master Plan</i> and <i>Metung Village Centre Master Plan</i> have commenced. Briefs to commence the review of Master Plans in Bemm River and Marlo were also completed. Master Plan reviews for Mallacoota Foreshore Caravan Park and surrounds are subject to review following community feedback. Further Master Plan reviews have been delayed because of other priorities for Strategic Planning staff. The two reviews selected to be completed in 2011/12 will happen in the first quarter of 2012/13. Implementation of high priority actions are subject to capital budget being allocated.	→
Review Statutory Planning processes to maximise efficiencies.	Planning staff commenced working from Council's Service Centres across the Shire. Customers can meet with staff and discuss proposed developments, planning applications and general planning enquiries. Planning Scheme Amendments are being moved forward to reduce the need for customers to obtain planning permits where there is little value in processing and obtaining a planning permit.	✓
Evaluate and adapt the Draft Development Standards Manual in consultation with the development industry.	A report will be presented to Council in the second half of 2012.	X
Support the development of the Lakes Entrance Foreshore Management Plan.	The final draft of the <i>Lakes Entrance Foreshore Management Plan</i> was presented to Council and endorsed at the November 2011 Council meeting. The plan has been forwarded to the Minister for Environment and Climate Change for endorsement, in accordance with the requirements of the <i>Coastal Management Act 1995</i> .	✓
<i>Strategy: Develop and implement effective strategies and systems to manage Council's physical assets</i>		
Develop Asset Management Plans for all major asset classes.	Asset Management Plans are scheduled to be completed in December 2012, for presentation to the February 2013 Council meeting. This is in line with the Australian Government's National Asset Management Framework.	X
Implement an Asset Management System that ensures Council is ranked above the average of similar Victorian rural municipalities in the State managed STEP program.	The <i>Asset Management Policy</i> has been adopted by Council, and the <i>Asset Management Strategy</i> was presented to the July 2012 Council meeting. These are the key components of the system to enable compliance with both STEP and the National Asset Management Framework.	→
Implement Bairnsdale and Lakes Entrance Urban Street Improvement Plan.	Council adopted a report in May 2012 on the priorities of the <i>Bairnsdale and Lakes Entrance Urban Street Improvement Plan</i> .	→
Complete construction of the Tambo Bluff Estate Infrastructure project.	Final inspections are being carried out to achieve Practical Completion.	→

Implement renewal projects through the five year capital works program to ensure sustainability of assets that meet community needs.	Capital Works project initiatives have been put forward to be included in future Capital Works Programs. Projects are considered and evaluated upon presentation or as requested. Further initiatives have been put forward for consideration in 2012/13.	→
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Community satisfaction – Sustainability

The Victorian government revised the survey methodology and content for the 2012 community satisfaction survey. Further explanation on changes to the survey and how these results should be read is provided in this section under *Community Satisfaction Survey 2012*.

Performance measure	2012 Community Satisfaction Survey Question	East Gippsland Shire Council Index Score 2012	Large Rural Councils average Index Score 2012
Provide appropriate Waste Management facilities.	How has Council performed on 'Waste Management' over the last 12 months?	71	69
Provide a quality road network.	How has Council performed on 'The condition of local streets and footpaths in your area' over the last 12 months?	49	51
Improved traffic management and parking.	How has Council performed on 'Traffic Management' over the last 12 months?	63	59
	How has Council performed on 'Parking Facilities' over the last 12 months?	52	56

Source: 2012 Department of Planning and Community Development (DPCD) Annual Local Government Community Satisfaction Survey

Performance measure	Performance Target	2012 Result	2011 Result
Environmental Sustainability Advisory Board meets four times per year and reports are presented to Council.	Four reports	Four reports	Four reports
Provide for a quality built environment.	Internal customer satisfaction survey for Development approvals	65	49 [^]

[^]This result is reported from the Community satisfaction rating for Town Planning Policy and Approvals achieved by Council in the 2011 Local Government Community Satisfaction Survey.

Sustainability challenges

- The escalating cost to our community of the Victorian government's Environmental Levy and the need to develop programs to encourage community recycling to reduce waste volumes.
- Funding the future cost of capping and rehabilitating Council landfills and maintaining
- Environmental Protection Agency (EPA) compliance at Council's waste sites.
- The Carbon Tax impact on Council's landfills.
- The extent and remoteness of Council's infrastructure and the communities served.

- Increasing complexity of legislation and regulations.
- An increasing level of expectation by the community will need to be addressed through better and more efficient use of resources.
- A need to better understand and plan for the effects of global warming to prepare for increased frequency and severity of events.
- Educating the community about the complexities of planning and building policy and requirements.
- Balancing the competing priorities of planning and building referral agencies.
- Many recently developed urban subdivision reserves will become the responsibility of Council during the year when developers hand over the maintenance role.
- Ongoing heavy rainfall events are affecting both our sealed and gravel road networks and drainage systems, requiring greater maintenance effort and cost.
- The impact on our roads of increased use and mass limits of heavy vehicles.
- Upgrading gravel urban roads to meet resident expectations and requirements.

Looking ahead

Work actively with the community and other levels of government to protect and improve the environment for future generations

- Work will continue on change programs to help businesses to reduce their environmental footprint.
- Continue to pursue the change-over to energy efficient street lights together with identification and implementation of other energy saving measures.
- Partnerships will continue to be developed internally and externally to develop projects and programs that will have a positive impact on resource and energy consumption.
- Provide further advice on ways to reduce energy consumption and resource use across Council's many business areas.

Responsibly manage the natural environment to ensure its sustainability and diversity

- Upgrades to key urban garden areas across the municipality, with particular emphasis on regenerating the Bairnsdale Main Street gardens.
- Planning has started for a comprehensive review of the Environmental Sustainability Strategy in 2012-13.
- Develop and endorse further flood plans for the Nicholson, Tambo, Bemm and Cann River catchments.
- Facilitate the development of inter-agency meetings.

Minimise and effectively manage waste generated by the community

- Establish strategies to minimise Council's annual waste volumes to ensure they remain below the Carbon Tax threshold.
- Implement high priority actions from Council's Waste Strategy.
- Pursue low-cost, practical solutions to address capping, rehabilitation and monitoring of legacy landfills.

Implement appropriate planning and building controls to encourage quality development while protecting the environment

- Further improvements to the East Gippsland Planning Scheme to ensure it reflects the community's vision for East Gippsland and guides quality development and land use into the future.
- Foreshore improvements in Lakes Entrance as part of the Lakes Entrance Foreshore management plan priorities.
- Streamline regulatory processes where possible and continue to implement planning scheme improvements.
- Acquire community forecasting software to complement the suite of statistical information on Council's website. This will provide a powerful tool for people interested in future planning across East Gippsland.

Develop and implement effective strategies and systems to manage Council's physical assets

- Improve the appearance of reserves across the Shire, including playground areas.
- Work with partner agencies such as DSE and CMA to ensure consistent management of interface areas.
- Finalise the Bairnsdale CBD beautification project and install Bairnsdale CBD Wayfinding signage.
- Investigation of more durable gravel road pavement material.
- Continue the replacement of load limited bridges.
- Implement the Urban Road Improvement Plan.
- Continued research and data collection to inform planning decisions across the organisation.

Productivity

Investment and visitation develop a sustainable and prosperous economy

Achievements and highlights

136 projects completed

\$23.1m in expenditure completed

Slip Bight Marina Stage 5	
Total Project Cost	\$1,369,489
Total Expenditure for 2011/12	\$ 372,392

Moulin Creek Bridge	
Total Project Cost	\$ 430,512
Total Expenditure for 2011/12	\$ 403,349

Wuk Wuk Bridge Northern Approach	
Total Project Cost	\$ 459,096
Total Expenditure for 2011/12	\$ 363,034

Lake Tyers Road Improvement	
Total Project Cost	\$ 210,192
Total Expenditure for 2011/12	\$ 196,174

Swan Reach Shared Path	
Total Project Cost	\$ 33,293
Total Expenditure for 2011/12	\$ 25,574

Gravel Resheet	
Total Project Cost	\$1,109,588
Total Expenditure for 2011/12	\$ 358,696

Benambra-Corryong Road Rehabilitation	
Total Project Cost	\$ 670,234
Total Expenditure for 2011/12	\$ 363,392

New Footpaths	
Total Project Cost	\$ 670,639
Total Expenditure for 2011/12	\$ 349,528

Wy Yung Fishing Platform	
Total Project Cost	\$ 44,903
Total Expenditure for 2011/12	\$ 44,903

Eagle Point Caravan Park Improvements	
Total Project Cost	\$ 271,061
Total Expenditure for 2011/12	\$ 271,061

Foster business, employment and marketing opportunities to enhance the social and economic wellbeing of citizens and businesses

A range of forums and training opportunities were facilitated by Council, including a lunch for 180 local business leaders with the Premier of Victoria in his first year of office, a carbon-tax information session for 80 businesses, and business breakfasts in Mallacoota and Omeo to allow local businesses to discuss issues with Council representatives.

Council continued its work with East Gippsland food producers to support growth, value adding, and to investigate new business opportunities in the agribusiness industry.

Business opportunities for re-use of natural resources and bio-products to generate energy were explored in partnership with alternate energy producers.

A major agreement was signed with Stockman Pty Ltd mining company, which proposes to develop the Stockman project near Benambra. The groundbreaking agreement is the first of its kind between East Gippsland Shire Council and private enterprise and is viewed as a significant model for how local government should engage with the resources sector to deliver positive local outcomes. The Stockman project has the potential to deliver significant local employment and business opportunities for the region.

Business Connect, a bi-monthly e-newsletter to provide regular updates on issues of significance to local business, was launched. The initiative has been well received and is distributed to around 2000 people in the East Gippsland business community.

Funding of \$250,000 was secured from the Victorian government over a two year period, for an Industry Workforce Development Project for Eastern Gippsland.

Continued funding and strategic support was provided for East Gippsland Marketing to promote the region as a tourist destination. In 2011/12 joint activity included development of brochures, attending trade shows and hosting journalists to the region.

A new online portal was launched through economy.id® to provide economic data on the region to East Gippsland's business community, new investors with an interest in the region and businesses eager to expand or enter new markets. The portal provides detailed information on the regional economy and gives access to information and statistics from the Census of Population and Housing, presented in simple, clear tables and charts with concise factual commentary.

Council led a project to implement the Industry Workforce Development Strategy for Eastern Gippsland, which focuses on supporting skill development in areas of agrifood, construction, transport and logistics.

Promote and market the East Gippsland region to attract visitors and stimulate the economy

A business development and marketing program for the Bairnsdale Central Business District (CBD) commenced. This project included research by the University of Melbourne and the relocation of events into the Bairnsdale CBD.

During the blue-green algae outbreak, Council worked with East Gippsland Marketing, Destination Gippsland and the East Gippsland Regional Business and Tourism Association to develop a range of marketing materials and intervention measures to support business and events in the region. These included engagement of town co-ordinators for Metung, Paynesville and Lakes Entrance to coordinate and promote local activities including free twilight concerts, kids activities, fitness classes, and more; providing subsidised ocean access from Metung and Paynesville; providing two-for-one offers at our local swimming pools; providing weekly events activity calendars and information boards; installing a water playground in Metung; and developing a new

booklet *20 Reasons to Explore the Gippsland Lakes*. Council's regular input at Incident Management Team meetings helped to highlight the economic importance of the outbreak to the region's tourism industry.

Great Alpine Road Marketing Inc was transitioned to a Memorandum of Understanding between Destination Gippsland and the North East Victoria Tourism Board Inc. This body will promote the Great Alpine Road as one of the great tourist touring routes in Australia.

A review of East Gippsland's visitor information services was commissioned and Council adopted the recommendations of the independent report. Over the next two years the way visitor information services are offered will change, including the co-location of the Omeo service with Council's Omeo Service Centre. Investigations are underway into an option to co-locate the service in Mallacoota into a new building.

Improvements were made to the Bairnsdale Visitor Information Centre building, including roof repairs. Plans were completed for further refurbishments to the centre in 2012-13.

Discover East Gippsland, the East Gippsland tourism website, continued to be maintained, along with its library of images depicting and promoting the Shire.

The 2011 Tourism Snapshot and Visitor Survey was completed, in recognition of the importance to the tourism sector of being able to access reliable up-to-date data on tourists visiting the region.

The East Gippsland Cycle Tourism Action Plan 2012-17 was completed. This plan was developed in partnership with industry and sets clear direction for the priorities and issues to address to grow this significant tourism sector.

Council continued to liaise with Tourism Australia's National Landscapes program to improve local experiences and accessibility. East Gippsland has two of only eight National Landscapes: a large section of the Shire's eastern coast is now

known as Australia's Coastal Wilderness and the mountain region is known as the Australian Alps.

A new fees and charges structure was developed for East Gippsland's Visitor Information Centres, through industry consultation. The new fees and charges were adopted as part of Council's 2012-13 Budget.

Council continued its rollout of the Recreational Vehicle (RV) Development Plan framework, recognising the growth in the self-contained self-drive tourism market. This work included development of designated rest stops and dump points for sewerage, and development of information brochures promoting RV facilities to the camping and caravanning market.

Plans were completed for lookouts along the Great Alpine Road. The designs were developed in consultation with representatives from Omeo district and will provide scenic rest spots for the touring public, an important tourism market for East Gippsland. Plans include upgrades to lookouts, interpretive signage and landscaping. Construction will commence in 2012/13.

Maximise commercial business opportunities to ensure less reliance is placed on rate income

The East Gippsland Livestock Exchange maintained and promoted its European Union accreditation.

Half of the 50 new berths at Slip Bight Marina Jetty 5 have sold.

A feasibility study and business case were developed for the Gippsland Lakes Maritime Heritage Centre.

Council secured a share of the Department of Defence Air Training School contract.

Develop capital works programs that provide new and upgraded infrastructure that supports economic sustainability

A development concept plan was prepared for the Paynesville maritime precinct, in partnership with Gippsland Ports.

Advocate for improved infrastructure and communication systems

A grant for \$50,000 was secured from the Victorian government as matching funding for an industrial land use study. The study examined the demand and supply of industrial land in Mallacoota, Lakes Entrance, Paynesville, Bairnsdale and Orbost to inform changes to the local planning scheme to help meet the needs of business.

Council advocated for East Gippsland to be included in the early stages of the rollout for the National Broadband Network and the extension of natural gas to the region.

Submissions were prepared and lodged for the Parliamentary Enquiry into the Capacity of the Farming Sector to Attract and Retain Young Farmers and Respond to an Ageing Workforce. A presentation was made to a Parliamentary Hearing on this matter in late December 2011.

Council Plan progress report

Strategic Objective: A vibrant and dynamic economic environment in which to do business

Activity	Comment	Status
<i>Strategy: Foster business, employment and marketing opportunities to enhance the social and economic wellbeing of citizens and business</i>		
Review the East Gippsland Economic Development Strategy.	A proposal for a new strategy that combines the existing Economic Development and Tourism strategies has been presented to and endorsed by both the Economic Development Advisory Board and the Tourism Advisory Board. A working party to guide the strategy's development has been developed to ensure it aligns with Council's Long Term Vision. Funding has been secured to continue the project in 2012/13.	→
Implement Council's high priority actions of the East Gippsland Economic Development Strategy 2006-2011.	An updated strategy was adopted by Council in November 2010. The update identified 27 priority strategies for the region. Most of the strategies focus on long term outcomes rather than specific outputs and projects/actions. During 2011/12 Council officers worked on 81% (22) of these strategy areas.	✓

Renew major maintenance contracts to maximise the outcome for the community.	Maintenance contract renewals have been completed for Bairnsdale Aerodrome; Raymond Island Ferry; Security and Banking Services; Building Cleaning; Public Toilets and Barbecue Cleaning; Road Maintenance; Bridge Maintenance. The Parks and Gardens maintenance contract was not renewed and ended in August 2011. Parks and Garden maintenance is now provided by Council.	✓
Develop and implement a relationship management plan to enhance the level of engagement with key businesses, partners, agencies and sectors that contribute significantly to the regional economy.	Relationship management priorities have been identified and programs endorsed to engage with high priority stakeholders. These include regular liaison meetings with priority partners and agencies; regular formal liaison meetings with Memorandum of Understanding partners; a new email newsletter with events information for key stakeholders; a calendar of workshops and business information sessions is being developed to provide a comprehensive overview of engagement and information sharing opportunities; Council's website content has been improved; and business breakfasts and business forums have taken place. Two new e-newsletters have also been developed. Business Connect is sent every two months to approximately 1,700 businesses and Tourism Connect is sent electronically to over 300 tourism businesses.	✓
<i>Strategy: Promote and market the East Gippsland region to attract visitors and stimulate the economy</i>		
Review and Implement East Gippsland Strategic Tourism Plan 2006-2011 and Council's high priority actions.	Work continues on the existing Strategic Tourism Plan, including development of a Cycle Tourism Action Plan; project management of tourism infrastructure development; participation in regional marketing and product development initiatives, and roll out of a Recreational Vehicle Plan. The project to develop the new combined strategy will continue in 2012/13.	✓
Review East Gippsland Shire's provision of Visitor Information Services.	This review has been completed and a report on the review has been adopted by Council. Actions to be completed in 2012/13 have been included in the 2012/13 budget.	✓
Implement Council's Events Policy and Plan.	Council's Events Policy and Plan has been implemented. Completed actions include attracting five new events to the region; processing of 75 event permits; managing two Regional and District Event funding rounds and funding and acquittal of 21 grants; conducting two events information workshops for event organisers; development and distribution of a new quarterly events calendar; developing content and an events calendar to promote events on Council's new website; and work with individual event organisers on the planning and delivery of events throughout the year.	✓
Continue to support low-cost holiday options through the provision of Council managed and leased caravan parks.	Council has reduced site fees for the Cann River Caravan and most of the sites at the Mallacoota Foreshore Holiday Park (an increase was applied to the Mallacoota waterfront sites). The reduction in fees offers low cost holiday options while attracting additional patronage to benefit local businesses. The initiative has been very successful, with Mallacoota Foreshore Holiday Park achieving higher patronage levels during the off peak season. A new Caravan Park fee structure was approved in the 2011/12 budget, with no fee increases for Cann River and Swifts Creek.	→
<i>Strategy: Maximise commercial business opportunities to ensure less reliance is placed on rate income</i>		
Complete the Bairnsdale Aerodrome Masterplan	The final Bairnsdale Aerodrome Masterplan was endorsed by Council at the February 2012 meeting. The plan has been developed as a strategic guide for future development of aerodromes.	✓

Strategic Objective: Infrastructure and information systems that support diverse economic and social development in the region

Activity	Comment	Status
<i>Strategy: Develop capital works programs that provide new and upgraded infrastructure that supports economic sustainability</i>		
Enhance the provision of long stay car parking in Lakes Entrance	Works have been carried out to improve long-stay parking in Lakes Entrance. Further investigation of long stay parking is pending progress of the inundation project and clarity on future development scenarios for the Lakes Entrance town centre.	→

Implement the Paynesville Maritime Precinct Master Plan including the Slip Road Development	Priority actions have been identified; however no capital funds have been allocated. A detailed feasibility study and business case for the Centre for Wooden Boats has been completed with stakeholder involvement. A concept plan was prepared for the redevelopment of the Gippsland Ports Paynesville Boatyard. Other implementation is subject to capital funding.	X
<i>Strategy: Advocate for improved infrastructure and communication systems</i>		
Advocate for the availability of broadband and mobile communications to all East Gippsland communities and work with the High Country Councils Coalition to improve telecommunications in the region	Council prepared a report for the High Country Council Coalition that identifies communication 'blackspots' and provides recommended actions. This issue is identified as a high priority in the <i>Gippsland Regional Plan</i> . A submission has been lodged on behalf of the High Country Council Coalition and East Gippsland Shire Council to the parliamentary enquiry into the National Broadband Network (NBN). Research has been undertaken on the NBN rollout and a position paper prepared. Liaison with other Gippsland Councils, NBNC Co and Commonwealth departments is taking place to support the NBN roll out plan for East Gippsland. Bairnsdale was one of the first locations in Victoria to host the NBNC Co public information bus and commitment has been made to work collectively with Gippsland region councils to continue planning and advocacy in 2012/13.	✓
Finalise the design of Mallacoota ocean access	The Cultural Heritage Management Plan was approved in August 2011. The amended Coastal Management Act consent application was submitted to the Department of Sustainability and Environment in late 2011. The Department of Transport is currently reviewing an alternate low impact ramp proposal.	✓
Advocate for the extension of natural gas to Orbost and Lakes Entrance	Council supplied information to the Victorian Government to support the selection of a distributor. An announcement is expected from the Victorian Government on the successful distributors for Orbost and Lakes Entrance.	✓
Develop an Industrial Estates strategic plan	Council engaged consultants to review industrial land in Lakes Entrance, Paynesville, Orbost, Mallacoota and Bairnsdale. This study has considered future demand patterns, current land availability and other impediments to the growth of industrial estates. The consultants have also talked with key stakeholders. The review is proposed to be released for public comment in early 2013.	→
Lobby state government for the development of an intermodal transport hub to support the export and import of goods to East Gippsland	A Bairnsdale Transport Hub is identified within the <i>Gippsland Regional Plan</i> , providing context and justification for future development. Transport infrastructure improvements have been presented as a priority issue to the Victorian Premier and work is taking place with individual businesses to establish demand for an inter-modal freight hub. The East Gippsland Industrial Land Study was extended to facilitate calculation of demand and identify potential sites for a hub. Funding has been secured to develop a freight strategy in 2012/13 to support Council's advocacy effort.	✓
Continue membership of and input into the South East Australia Transport Strategy (SEATS) as the peak lobby group for major transport infrastructure improvements and advocate for funding for roads and bridges	Council continues to participate on SEATS as a member of the executive.	✓
Advocate for funding to support the long-term sustainability of East Gippsland's rural farming communities, to help prevent decline	Council is a member of Gippsland Agribusiness Inc., which carries out a range of agribusiness viability projects within and for East Gippsland. Submissions were prepared and lodged for the Parliamentary Enquiry into the Capacity of the Farming Sector to Attract and Retain Young Farmers and Respond to an Ageing Workforce. Ongoing support is being provided for East Gippsland Food Cluster initiatives.	✓

Community satisfaction - Productivity

The Victorian government revised the survey methodology and content for the 2012 Community Satisfaction Survey. Further explanation on changes to the survey and how these results should be read is provided in this section under *Community Satisfaction Survey 2012*.

Performance measure	2012 Community Satisfaction Survey Question*	East Gippsland Shire Council Index Score 2012	Large Rural Councils average Index Score 2012
Provide positive economic Outcomes.	How has Council performed on 'Business and community development and tourism' over the last 12 months?	62	61

Source: 2012 Department of Planning and Community Development (DPCD) Annual Local Government Community Satisfaction Survey

Performance measure	Performance Target	2012 Result	2011 Result
Percentage of completed Capital Works projects (that are Council funded or have guaranteed funding) by end of Financial Year.	Delivery of 80 % of projects Council funded /funding guaranteed.	81%	92.3%
Economic Development, Tourism and Arts and Culture Advisory Boards meet four times per year and reports presented to Council.	Four reports for each Board. (12 reports)	11 reports presented	12 reports presented

Productivity challenges

- Flooding on an East Bairnsdale industrial estate has caused problems for businesses and restricted expansion. Council worked with landowners in East Bairnsdale to progress groundwater management solutions. Businesses including Patties Foods and JC Dahlsens will benefit from a \$240,000 drainage management and flood prevention project that aims to alleviate the flooding.
- There were significant challenges in 2011/12 as a result of the economic environment and the uncertainty associated with changes to carbon pricing.
- Environmental challenges such as algal blooms in the Gippsland Lakes and multiple major flood events.
- Staged replacement of the Metung Marina with limited funds.
- Attracting livestock throughput commitments to sustain business viability in a competitive market.
- Attracting aviation related businesses to establish business and operate from aerodromes.
- Developing a master plan for the Mallacoota Caravan Park that is acceptable to patrons and the community.

Looking ahead

Foster business, employment and marketing opportunities to enhance the social and economic wellbeing of citizens and businesses

- Continue to support growth in key employment and business sectors and work to identify locations for business growth, including industrial growth.
- Continue to advocate for the retention and expansion of education and training services in East Gippsland.
- Develop a new strategy and policy direction for economic development in the East Gippsland shire.

Promote and market the East Gippsland region to attract visitors and stimulate the economy

- Increase tourism to region through a strategic marketing campaign.
- Two new walks are being developed by Council in partnership with Parks Victoria to create new tourism experiences for the region, increase access to and appreciation of the region's natural assets, and attract investment to the accommodation and hospitality sector. These projects have a total cost of \$2.1million, and include a \$1.6 million grant from Regional Development Victoria.
- East Gippsland will host the State Visitor Information Centre Summit in Lakes Entrance in July/August 2013.
- Implement the recommendations from the visitor information services review. This includes installing the BookEasy booking system, refurbishing the Bairnsdale Visitor Information Centre and planning to refurbish the Lakes Entrance Visitor Information Centre.
- Complete construction of lookouts on the Great Alpine Road and signage around Genoa and Cann River.

- Implement the actions and outcomes from the Cycle Tourism Action Plan.
- Upgrade the Discover East Gippsland website to improve the scope of electronic information available to the public.
- Deliver the Events Capacity Study and work to attract new events.
- Continue to support current events and deliver a range of information on how community groups and business can support events.

Maximise commercial business opportunities to ensure less reliance is placed on rate income

- Proactively market the Livestock Exchange to attract more livestock throughput commitments from south-east New South Wales region.
- Complete the \$1.8M taxiway upgrade, installation of new fuelling station, and new commercial and recreational hanger development at Bairnsdale aerodrome.
- Actively promote the new hanger development and obtain commitments from new business to establish operations at the aerodrome.
- Develop a master plan for the Mallacoota Foreshore Holiday Park and Eagle Point Caravan Park that meets the future needs of patrons while being acceptable by local communities.
- Commence staged replacement of the Metung Marina and the jetty development within the Chinamans Creek Marina.

Advocate for improved infrastructure and communication systems

- Prepare a freight transport strategy for region to convey the freight infrastructure priorities.

Governance

Strong leadership and prudent management of democratic and legislative requirements deliver good governance outcomes

Achievements and highlights

Lead, advocate for and represent the community

Advocacy is a key role for local government to represent the needs of the community and to achieve local and regional improvements. Within the Council Plan there are a number of actions that highlight the importance of Council's commitment to advocating on behalf of its residents and working in partnership with other agencies for improved services and outcomes.

Council's ongoing advocacy program involves meeting local Members of Parliament, Government Ministers and industry peak bodies on specific issues. A number of meetings were held in 2011-2012 with State Parliamentary representatives on a range of issues of interest to East Gippsland residents. These included meetings with Senator Richard Colbeck, Liberal Senator for Tasmania; Mr Rob Oakeshott, Federal Member for Lyne; Mr Darren Chester, Federal Member for Gippsland; Mr Tim Bull, State Member for Gippsland East; and the Ministerial Working Party - Tomorrow's Libraries.

Issues canvassed included the sustainable future of the forest / timber industry; carbon storage; funding for Bairnsdale Library Upgrade; road funding; public transport services; and many other local issues. In addition, Council representatives were involved in a 'flying' visit to the area during the May/June 2012 floods by the Premier and Deputy Premier of Victoria, who were keen to gain an understanding of the extent of damage to personal and civic infrastructure and to receive a briefing on the region's emergency response and recovery effort.

A number of government representatives visited the region to announce funding initiatives and to celebrate the provision of new/refurbished infrastructure and services such as the Morass Creek Bridge; the Snowy River Estuary Walk; and new and improved bus

services to Marlo, Orbost, Lake Tyers Beach, Lakes Entrance and Bairnsdale.

Working in partnership with appropriate stakeholders to identify and deliver projects and services

Council continues to work with its Memorandum of Understanding (MoU) partners within local government to identify and take advantage of any potential for the delivery of cross-border services.

Collaboration is ongoing with partners to deliver projects and services. For example with East Gippsland Water on the Tambo Bluff Estate Infrastructure Project; with Gippsland Ports on the provision and maintenance of marine based services and facilities; and with Advance TAFE on educational opportunities.

Actively support and contribute to regional advocacy

The CEO and the Mayor are active participants in the Gippsland Local Government Network, with the CEO elected as Chair for 2012. Major issues affecting the Gippsland region are regularly considered at regional forums with the Gippsland Local Government Network and High Country Councils Coalition.

Council prepared a report for the High Country Council Coalition that identified communication 'blackspots' and recommended actions; this issue is identified as a high priority in the Gippsland Regional Plan. A submission has been lodged on behalf of the High Country Council Coalition and East Gippsland Shire Council to the parliamentary enquiry into the National Broadband Network (NBN).

Council also made submissions to the *Parliamentary Inquiry into Environmental Design and Public Health in Victoria* and the Expert Panel advising the Minister for Higher Education and Skills on the Gippsland Tertiary Education Plan.

Actively encourage partnerships to strengthen community contribution to policy development

Councillors and Council officers attended many public events to listen to the views of our community members. As part of Council's community engagement process, most districts established community planning partnership groups, drawn from representatives from existing groups and inviting others that were under-represented, typically farmers and younger people.

To complement this approach Council also developed a *Community Engagement Policy and Guidelines* and trained over 30 staff in contemporary engagement practices. This signals Council's commitment to reaching out and listening to its many communities. Through Council's *OurPlace, OurPlan, OurFuture* webpage, community members can access general information and updates on community planning activities, as well as Community Plans.

In a first for East Gippsland, the development of community plans involved extensive local engagement and consultation, including local workshops and forums involving all people with an interest in the community. A series of community engagement meetings were run through local primary schools, to inform young people and their parents about what Council does, how it is structured and the benefits of community planning.

Enhance communication systems to deliver services more effectively and provide improved public access to Council information

A Corporate Visual Style Guide for Council staff was developed and implemented. This will ensure our corporate brand across East Gippsland is consistent and recognisable.

The entire range of Council publications is being progressively edited and redesigned to deliver higher-quality and more reader-friendly products.

Council's refreshed corporate website was successfully launched in December 2011, providing increased functionality and opportunities for community engagement.

Council's 'community tent', an interactive consultation initiative for use at events such as the East Gippsland Field Days has proved a valuable way for Council to interact with the public, showcase its services and gather feedback on the way it does things.

Provide effective organisational leadership through strategic planning, accountability and ethical standards of practice

A review of the General Local Law was completed and the new General Local Law 2011 adopted by Council.

Council rated second of all rural Victorian Council areas in the Municipal Association of Victoria (MAV) liability insurance audit. Scores recorded for fidelity/corporate crime and property audits were also significantly better than the state average.

Council Plan progress report

Strategic Objective: Well managed finances to maintain financial security

Activity	Comment	Status
<i>Strategy: Develop sustainable long term Financial Plans and maintain sound financial management practices</i>		
Review the four-year Long Term Financial Plan annually.	The Long Term Financial Plan has been reviewed and updated as part of the 2012/13 budget process. The budget has now been adopted.	✓
Implement the recommendations of the Asset Management Plans to determine Asset Renewal funding levels.	The first stage plans for the road and bridge network will be implemented in October 2012. The balance of plans will follow in future financial years.	→

Strategic Objective: A responsible organisation that works actively with the community providing strong leadership and advocacy

<i>Strategy: Lead, advocate for and represent the community</i>		
Represent East Gippsland Shire communities and advocate for their needs with Federal and State Government representatives and other authorities and organisations.	Council's ongoing advocacy program involves meeting local Members of Parliament, Government Ministers and industry peak bodies on specific issues.	✓
Work in partnership with appropriate stakeholders to identify and deliver projects and services.	Council continues to work with its Memorandum of Understanding (MoU) partners within Local Government to identify and take advantage of any potential for the delivery of cross border services.	✓
Maintain and strengthen relationships with Memorandum of Understanding (MoU) partners, and explore new MoU partners, including metropolitan Councils.	Information on the potential to form a 'sister' relationship with a metropolitan municipality was sourced from the Victorian Local Governance Association, together with a recommendation that these relationships are rarely successful unless 'driven' by the local business community. This advice was then confirmed through research undertaken by Council staff. As a result, the most appropriate approach to the issue is considered to be through the East Gippsland Regional Business and Tourism Association (EGRBTA). As EGRBTA has other pressing priorities at this point in time, this project has not advanced.	✓
Actively support and contribute to regional advocacy through memberships of Gippsland Local Government Network, Regional Managers Forum, High Country Councils Coalition and others.	The CEO and the Mayor are active participants in the Gippsland Local Government Network, with the CEO elected as Chair for 2012. Major issues are regularly considered at regional forums with the Gippsland Local Government Network and High Country Councils Coalition.	✓
<i>Strategy Maintain a capable, skilled, innovative workforce committed to delivering responsive quality service</i>		
Implement the program to ensure continual improvement in the provision of quality citizen services.	Council continues its internal program to survey customers on different areas of service delivery. At least three service areas are surveyed annually, with continuous improvement opportunities identified, actioned and reported against.	✓
Conduct annual surveys to measure customer satisfaction with the organisations services and functions.	Customer satisfaction surveys took place and actions to improve service delivery were reported for three service areas. At its meeting in October 2011, Council was presented with a report outlining the results of the Parks and Gardens survey undertaken in June of that year. At the Council meeting in February 2012 Council was presented with a report outlining the results and areas for improvement for Development Approvals and the East Gippsland Livestock Exchange.	✓
Implement programs that contribute to local employment including traineeships, apprenticeships, young professionals, work experience and mentoring.	Plans to expand Council's Local Employment and Training Program through additional apprenticeships and traineeships were not pursued this year because funding was not received. Work experience placements continue to be supported by Council.	X
<i>Strategy Enhance communication systems to deliver services more effectively and provide improved public access to Council information</i>		
Implement the high priority actions from the Integrated Communications Strategy.	A number of high priority actions were completed during the year. The New Resident's Kit has been reviewed and updated, the Municipal Association of Victoria Social Media Policy template was purchased; the four-page newspaper insert Community Connect continues to be produced; two targeted e-newsletters have been developed and are regularly distributed to local businesses and tourism stakeholders; guidelines for Council's website have been developed to ensure that the content is updated, relevant, accurate and approved; and Council's Twitter account has nearly 400 followers.	→
Renew East Gippsland Shire's website and improve utilisation through the introduction of increased interactivity.	Council's new website, www.eastgippsland.vic.gov.au was launched on 20 December 2011 and includes new functionality that is being well utilised by site visitors.	✓
<i>Strategy Actively encourage partnerships to strengthen community contribution to policy development</i>		

Encourage citizen participation and involvement in civic activities and decision making.	Council adopted a Community Engagement Policy in October 2011. The policy was launched to all staff soon after and is included in key Council processes. Information and guidance is given to staff across the organisation about community engagement principles and approaches.	✓
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Strategic Objective: An open and accountable system of governance that reflects the highest level of good management

<i>Strategy: Implement open and transparent processes and provide strong accountability to the community</i>		
Conduct annual performance reviews for Council as a whole and for individual Councillors.	Council and Councillors completed a tailored training program in the 2011 calendar year. This professional development program is on track for delivery within the agreed timeframe.	→
Conduct an annual program that supports the professional development of councillors.	During 2011 Councillors participated in a facilitated process to agree on the professional development needs of Council as a whole, for delivery in 2012. The professional development needs of individual Councillors were also identified and suitable training is being sourced for delivery within the same timeframe.	✓
<i>Strategy: Provide effective organisational leadership through strategic planning, accountability and ethical standards of practice</i>		
Conduct systematic reviews of internal processes and systems to maximise efficiency, transparency and accountability, and minimise risk.	The Organisation Development team has engaged in systems and service improvement initiatives. The Corporate Records team has been engaged in staff training in the management of corporate records. The training directly targets risk minimisation in capturing and managing of corporate records in compliance with legislation and Public Records Office Victoria guidelines. The Information Services team has been focusing on service delivery and risk minimisation efforts. Currently a new communication link is being installed to provide redundancy in communication systems between Bairnsdale and Lakes Entrance.	→
Investigate and where appropriate introduce technology that will deliver flexible and accessible services and information.	The primary focus in the implementation of this strategy was in the delivery of services through Citrix XenApps platform. The Information Services team also engaged in the scoping and negotiation of a new telephony system for the organisation. Flexibility and accessibility is being addressed through mobility solutions and virtual private network tunneling on the phone system to extend services beyond the immediate local area network.	→
Develop and implement a risk management program throughout the organisation to ensure a proactive and preventative approach to managing risk.	Council completed operational risk assessments for all business units, with reviews now being undertaken of risks identified as 'high' or 'extreme'. The risk assessment process was subject to a delay pending the appointment of the Property and Risk Coordinator. This project has now resumed and is scheduled for completion in August 2012. Compilation of a strategic risk register is underway in consultation with relevant Council officers in anticipation of completion in August 2012.	→
Identify, develop, review and contribute to policies and strategies that guide Council planning and decision-making and affect the region.	The CEO chaired the Project Development Group for the development of the Gippsland Regional Plan that identifies a number of key priorities for the region. The CEO currently leads the Committee overseeing the Plan's implementation. The Plan highlights a number of East Gippsland's priorities that are supported by the six Gippsland Local Government Network Councils, the Committee for Gippsland and the Regional Development Australia Gippsland Committee.	✓

Community satisfaction - Governance

The Victorian government revised the survey methodology and content for its 2012 Community Satisfaction Survey. Further explanation on changes to the survey and how these results should be read is provided in this section under *Community Satisfaction Survey 2012*.

Performance measure	2012 Community Satisfaction Survey Question	East Gippsland Shire Council Index Score 2012	Large Rural Councils average Index Score 2012
Improving Community Perceptions.	On balance, for the last twelve months, how do you feel about the performance of Council, not just on one or two issues, but overall across all responsibility areas?	58	56
Strengthening Advocacy Processes.	How has Council performed on 'Lobbying on Behalf of the Community' over the last 12 months?	53	53
Improving Engagement Processes.	How has Council performed on 'Community Consultation and Engagement' over the last 12 months?	54	54

Source: 2012 Department of Planning and Community Development (DPCD) Annual Local Government Community Satisfaction Survey

Performance measure	Performance Target	2012 Result	2011 Result
Number of strategic site visits and community engagement activity undertaken through Community Planning.	4 visits or more		
	<i>Community Engagement activities</i>	17	29
	<i>Strategic Site Visits</i>	2	3

Governance challenges

- Continue to develop and refine Council's electronic risk register.
- Managing compliance with Council's Procurement Policy.
- Implementation of legislative changes.
- Managing community expectations in the maintenance of community facilities.
- The diversity of the community across extensive geographical area makes distribution of information difficult – and there is no single means of effective distribution unless using Australia Post, or utilizing a number of different, indirect media channels.
- A significant ageing population and high number of retirees means that traditional forms of communication (print media, radio, publications and interpersonal) need to be maintained, while electronic communications are further developed.
- Targeting communications toward our younger population (e.g. youth, schools).
- Accessibility of all residents to electronic media (some are not connected - remote areas, aging population need assistance with skills).
- Communicating with ratepayers who live outside East Gippsland.
- Demand on communications resources during critical events such as floods and fires.
- Attracting and retaining talented staff.
- High speed data communications in remote areas remain a challenge.

- Recruitment of trained Information Technology professionals and trained records management staff.
- Significant cyclic projects are a challenge to resource (e.g. asset revaluations).
- The recovery of outstanding rate debt has been more challenging this year under tighter economic circumstances.

Looking ahead

- Review of Council's contracts and tendering processes.
- Establishing best practice procurement in the organisation.
- Review and improvement of Council's processes and procedures for managing leases and licences.
- Enhancing the implementation of Occupational Health and Safety activities across Council.
- Development of a new corporate planning framework and new four-year Council Plan.
- A comprehensive review of Council's Integrated Communication Strategy, introduced in 2010.
- Greater use of electronic media, including social media.
- Commencing the 2012/13 rates cycle, including issuing rates notices, the bi-annual property revaluation and managing the objection process.
- A new valuation contract will be tendered for the 2014 general revaluation.
- A review of Council's rating strategy, including the rating differentials will be carried out in the second half of 2012.
- Planning for the 2013/14 budget program with a new Council.

Statutory information

Information available for public inspection

Council is committed to open and transparent governance and in accordance with the *Local Government (General) Regulations 2004*, all requirements of Part 5 of the Regulations were met during the year ended 30 June 2012.

The following information is available for public inspection on request at the Corporate Centre, 273 Main Street, Bairnsdale, during business hours from 8.30 am to 5.00 pm.

(a) details of current allowances fixed for the Mayor, Lord Mayor (if any) and Councillors under section 74 or 74A of the Act;

(b) the total annual remuneration for all senior officers in respect of the current financial year and the previous financial year, set out in a list that states—

- (i) ranges of remuneration of senior officers, where the difference between the lower amount and the higher amount in each range must not exceed \$10 000; and
- (ii) the number of senior officers whose total annual remuneration falls within the ranges referred to in subparagraph (i);

(c) details of overseas or interstate travel (with the exception of interstate travel by land for less than 3 days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost to the Council of the overseas or interstate travel, including accommodation costs;

(d) names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;

(e) names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted;

(f) agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;

(g) a list of all special committees established by Council and the purpose for which each committee was established;

(h) a list of all special committees established by the Council which were abolished or ceased to function during the financial year;

(i) minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;

(j) a register of delegations kept under sections 87 and 98 of the Act, including the dates on which the last reviews under sections 86(6) and 98(6) of the Act took place;

(k) submissions received in accordance with section 223 of the Act during the previous 12 months;

(l) agreements to establish regional libraries under section 196 of the Act;

(m) details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease;

- (n) a register of authorised officers appointed under section 224 of the Act;
- (o) a list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant;
- (p) a list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council;
- (q) a list of contracts valued at \$100 000 (or such higher amount as is fixed from time to time under section 186(1) of the Act) or more—
- (i) which the Council entered into during the financial year without first engaging in a competitive process; and
 - (ii) which are not contracts referred to in section 186(5) or (5A) of the Act.

Freedom of Information

The *Freedom of Information Act* 1982 provides the community with the ability to access certain Council documents.

There is an application procedure, and rights of access are limited by exemptions prescribed in the legislation. Applications must be accompanied with the appropriate application fee and specific details of the information requested.

Council received nine (9) applications for the period 1 July 2011 to 30 June 2012.

	2010/2011	2011/2012
Number of new applications / requests	18	9
Access granted in full	3	0
Access granted in part	12	7
No documents existed in the requested form	1	0
Access denied in full	0	1
Requests outstanding at end of FY	2	1
Internal reviews	2	3
Appeals lodged with VCAT	0	0
Fees collected	\$430.20	\$219.60
Fees waived	0	0

Whistleblowers Protection Act

In accordance with the provisions of the *Whistleblowers Protection Act* 2001, Council has a policy for dealing with disclosures made under the Act. The purpose of the Act and policy is to encourage and facilitate the disclosure of any improper conduct by Councillors and Council officers. Council has established procedures to facilitate such disclosures.

Mr Graeme Hill, Governance Officer, is Council's Protected Disclosure Coordinator. Council has not received any disclosures for the period 1 July 2011 to 30 June 2012.

Information Privacy Act

The *Information Privacy Act* 2000 and *Health Records Act* 2001 are designed to protect the private 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 adopted a *Privacy Policy* in 2002. You can download a copy of the policy on Council's website under Statutory Information. If you would like a copy of the policy sent to you, please contact our Citizen Service Centre.

Equal Opportunity

East Gippsland Shire Council is committed to equal opportunity principles and the Victorian Human Rights Charter. Council will continue to develop and implement equal opportunity strategies to ensure that all East Gippsland Shire structures, policies, practices and decisions are based on the assessment of individual ability and achievement.

Council rejects inappropriate distinctions on the grounds of race (colour, ethnicity, national origin, nationality or descent), gender, pregnancy, marital status, age, sexual orientation, family responsibility, family status, political conviction, religious belief, disability or medical condition (not affecting work performance).

Council's commitment to equal opportunity can be further demonstrated through the implementation of initiatives such as providing Equal Opportunity refresher training for all employees, which forms part of the Council's corporate training calendar.

Council provides trained Contact officers throughout the organisation, who are available to provide confidential information and support to anyone with an inquiry or complaint relating to discrimination, harassment, sexual harassment and bullying within the workplace. Council ensures that staff are made aware of all relevant human resource services when commencing with the organisation.

Charter of Human Rights and Responsibilities

The *Charter of Human Rights and Responsibilities Act 2006* (Charter) came into force in 2008 and sets out a number of important human rights. The Charter contains twenty rights that reflect the four basic principles of freedom, respect, equality and dignity.

The Charter introduces standards to ensure that human rights are considered when making laws and decisions and when providing services. Council's policies are consistent with the Charter.

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 affects of both corporate and operational risks to its operations.

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

Initial entry of operational risks with proposed responses / solutions into the Interplan risk register has been completed for all business units, with registered risks now subject to ongoing review, reporting and audit. This will enable further improvements on monitoring, responding to and reporting risks to management and the Audit Committee. The focus for 2012/13 will be on identification and treatment of Council's strategic risks.

Insurances

Municipal Association of Victoria (MAV) Liability Mutual Insurance

An audit is conducted every two years by the Municipal Association of Victoria (MAV) Insurance, the public liability and professional indemnity insurance scheme for local government. In the intervening years, a review and targeted risk appraisal is undertaken.

Liability Audit performance summary

Council achieved a score of 93% for the second year of the 2010/2012 cycle, compared to 84% in the final year of the 2008/2010 audit cycle.

Performance is assessed in the following areas:

- Organisational risk management.
- Reactive risk management.
- Proactive inspections and reactive requests (roads, footpaths, shared pathways management, recreation reserves, swimming pools, trees – urban street; parks and reserves).
- Written agreements.
- Building services and town planning.
- Food safety.

Comparison with Gippsland average score state average score

	East Gippsland Shire Council	Gippsland average score	State Average Score
2006/2007	80	77	74
2007/2008	74	72	75
2008/2010	84	83	80
2010/2012	93	82	80

Jardine Municipal Asset Protection Plan (JMAPP) – property performance summary

An audit is conducted every two years to ensure that appropriate risk management processes are in place to protect Council's property assets; in the intervening years, a progress review is undertaken.

Council achieved a score of 79.5% for the second year of the 2010/2012 cycle compared to 74% in the final year of the 2008/2010 audit cycle.

Comparison with regional and state rankings

	East Gippsland Shire Council	Regional ranking	State ranking
2006/2007	77	2	25
2007/2008	78	3	30
2008/2010	74	5	40
2010/2012	79.5	3	30

Commercial Crime Fidelity Audit performance summary

An audit is conducted every two years to ensure that appropriate risk management processes are in place to protect against fraud and in the intervening years a progress review is undertaken.

Council achieved a score of 87% for the second year of the 2010/2012 cycle, which was no change, compared to 87% in the final year of the 2008/2010 audit cycle.

Comparison with regional and state rankings

	East Gippsland Shire Council	Regional ranking	State ranking
2007/2008	59	3	19
2008/2010	87	2	13
2010/2012	87	2	15

Insurance Claims Management

Minor and major claims are reported to Council's Audit Committee on a quarterly basis.

Fraud Prevention Policy

East Gippsland Shire Council adopted a *Fraud Prevention Policy* on 17 December 2003, as part of Council's ongoing commitment to good governance processes, transparency and probity.

The policy was reviewed and updated by Council on 6 October 2009. The emphasis of the policy is on the prevention of any forms of fraud and Council is committed to an internal audit program to conduct rigorous risk assessments in all areas of its operations to reduce the likelihood of it occurring.

Internal Audit reports are referred to the East Gippsland Shire Council Audit Committee for review.

As part of Council's Staff Induction program, all new staff are advised of the *Fraud Prevention Policy* and Council's zero tolerance position.

Any allegations of fraudulent activities within East Gippsland Shire Council are referred to the Chief Executive Officer for immediate investigation and resolution.

Audit Committee

The Audit Committee's role is to provide advice to Council on financial reporting, internal control, compliance and risk management. It does this through the provision of independent advice and recommendations on matters relevant to its Charter, in order to facilitate decision-making by Council in relation to the discharge of its responsibilities.

The Committee is a Council Advisory Committee for the purposes of the *Local Government Act 1989*. The Audit Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and is therefore independent of management.

The duties of the Audit Committee are to:

- overview the Draft Annual Report and Performance Statement and recommend adoption to Council if appropriate;
- subject to appropriate advice from Council's Internal and External Auditors, overview compliance with statutory requirements for financial reporting;
- ensure that effective and efficient systems are in place for the review of accounting policies;
- receive a written report on any claims, legal or otherwise, which may have an effect on Council's financial performance or otherwise expose Council to risk;
- discuss with the External Auditor the Annual Audit and Management Letter. This process will include an opportunity to make recommendations where appropriate and to receive follow-up briefings on any remedial action deemed necessary;
- in consultation with the Internal Auditor, establish a program of internal control reviews, and regularly review internal controls;
- based on the written and verbal reports of relevant Council Officers, conduct an annual review of Council's risk management policies and program and report to Council accordingly;
- receive reports relevant to Council's compliance with the National Competition Policy and any significant issues arising therefrom;
- where such matters fall within the Committee's general Terms of Reference, receive reports on specific projects and investigations deemed necessary by the Chief Executive Officer and Council, including suspected cases of fraud or other defalcation by Council officers or others having business with Council. On receipt of such reports the Committee may take further action or make recommendations as it deems appropriate in each case;
- receive written and verbal reports relevant to the progress of any major legal action in which Council is involved;
- address relevant issues brought to the attention of the Committee, including requests from Council for advice on matters that fall within the Committee's Terms of Reference;
- receive reports from the Chief Executive Officer and other Council Officers relevant to Council's compliance with relevant legislation and policies, including Work Cover, Occupational Health and Safety, Equal Employment Opportunity and Privacy legislation;
- once every two years, review and assess the adequacy of the Audit Committee Terms of Reference and as appropriate, present recommendations for amendment of the document to East Gippsland Shire Council; and
- on an annual basis, conduct an evaluation of the performance of the Audit Committee and provide a confidential report on the outcome to East Gippsland Shire Council.

The Audit Committee comprises seven members: four independent members - one of whom is required to be Chairperson, the Mayor of the day and two other Councillors. In 2011/12 the members of the Audit Committee were:

Michael McStephen (Chair – from February 2012)

Peter Fiddian (Chair – July 2011 to January 2012)

Noel Matthews

Greg Waugh

Mayor, Cr Dick Ellis

Cr Michael Freshwater

Cr Jane Rowe

The Audit Committee meets on a quarterly basis with an additional special meeting called annually to consider the audited accounts.

Following each Audit Committee meeting, a report is presented to Council outlining all issues considered together with any recommendations for Council's consideration.

Internal audit

Council has engaged the services of MDHC Audit Assurance Pty Ltd to undertake its internal audit role. Internal auditing is an independent, objective exercise that aims to improve the operations of Council. The internal audit process assists East Gippsland Shire Council and the Chief Executive Officer to improve the effectiveness of risk management and governance processes. The Internal Auditor reports on activities to the Audit Committee.

During 2011/12, the Internal Auditor reviewed the following systems and procedures:

- Procurement
- Review of Councillors' expenses
- Follow up of audit recommendations

Local Government Investigations and Compliance (Inspectorate)

The Local Government Investigations and Compliance Inspectorate (Inspectorate) conducted a compliance audit from 4 to 7 October 2011. The purpose of the audit was to assess Council's level of compliance with the *Local Government Act 1989*.

Of the 27 areas investigated all but two areas of assessment were compliant. The remaining two areas were defined as 'close to compliant'. These were:

Primary and Ordinary Returns – Councillors

- *Recommendation:* Council must ensure that Councillors continue to be aware of their obligations under the Act and all future primary and ordinary returns submitted comply with the Act
- *Status:* An ongoing procedure for monitoring and receipt of Councillor Returns has been put in place with the regular bi-annual issue of return forms for completion and follow up of outstanding documentation.

Procurement

- *Recommendation:* Council must review its current procurement policy at least once every financial year and may, in accordance with section 186A (7), amend the policy.
- *Status:* A comprehensive review and revision of the Procurement Policy was completed in June 2012.

Best Value Victoria

Best Value was introduced in Victoria in 1999 by the Victorian government, to enhance Local Government's ability to provide services that reflect the need and visions of the diverse communities throughout Victoria.

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

Council continues to use a range of mechanisms to communicate with the community including community forums, weekly advertising columns, a comprehensive website and media releases.

The incorporation of Best Value Principles in business planning processes enables Council to focus on identifying opportunities to continuously improve services and ensure we are addressing our community's changing needs.

Council aims to deliver quality and affordable services in the most effective manner with Council services continually monitored and opportunities for improvement identified.

Municipal Emergency Management

The Emergency Management unit has responsibility to ensure that Council is adequately prepared for, responds to and recovers from emergency events affecting our community. Council has a range of statutory obligations that must be fulfilled and is a key stakeholder in ensuring that the impact of emergency events on our community are minimised.

The Emergency Management unit has continued to ensure that Council is meeting its obligations in respect to emergency management requirements. This has included ensuring the ongoing improvement of the Municipal Emergency Management Plan (MEMP).

The East Gippsland MEMP is updated annually. A key area of focus this year has been the redevelopment of the Community Risk Register. This document establishes the basis for planning across the community taking into account a wide range of potential risks for East Gippsland communities.

Preparation and updating of the MEMP is supported by the Municipal Emergency Management Planning and Recovery Committees, which meet quarterly. These bring together a wide range of stakeholders, with a role in ensuring that East Gippsland is well placed to respond to and recover from emergencies and natural disasters. The input and ongoing support and cooperation of emergency management agencies and organisations is very much appreciated by Council.

Achievements

The Emergency Management unit was activated in response to three flood events in August 2011, March and June 2012. This involved initialising the Municipal Emergency Coordination Centre, providing a range of resources through the events, and assisting the community to recover. Officers also participated in a formal evaluation of the response to this event undertaken by the Victoria State Emergency Service. As a result, a range of initiatives have been implemented to ensure that Council and other agencies are well placed to respond to emergencies in the eastern part of the Shire in circumstances where the main traffic routes are closed and power is disrupted.

On two instances in the past year, due to fire and storm incidents, staff have gone beyond and above their duties. In both cases, the highway was closed for a number of days, leaving the eastern area of the Shire isolated and many travellers displaced and stranded. Community Laws staff members assisted Council's Emergency Management response in being the eastern area

contact point, 24 hours per day. These staff assisted with arranging accommodation and food for these travellers and their pets during this period. In the last instance, the staff member returned from annual leave to assist.

An ongoing focus in respect to the implementation of Council's obligations emanating from the Victorian Bushfires Royal Commission and the Comrie review into 2010-11 Flood Warnings and Response have been a key focus. This has included contributing to policy development in respect to new planning controls relating to the management of roadside vegetation, and being active participants in a wide range of forums to contribute to and be informed in respect to a wide range of matters being developed in response to the recommendations of the Commission and Comrie Review. The State Government will provide funding for an emergency management position for a further two years, to ensure that Council can focus on new obligations in respect to emergency events to free up existing officers on a continual focus on planning and preparation for other emergency situations.

Engagement with communities wishing to develop local responses to emergency situations

Emergency Management unit staff have worked closely with community members across the Shires to develop an improved understanding of how communities can work with Shire to improve their planning and preparedness for all emergency situations.

Continued participation in the development of an *Integrated Fire Management Plan for East Gippsland* culminated in that plan being tendered to Council in December 2011. It brings together fire protection planning work from all agencies, to ensure there is effective coordination of effort.

Council continues to develop organisation-wide skills and capacity to plan for and respond to emergencies by facilitating access to external training opportunities for specialist roles and by providing in-house training to a wide range of council officers.

National Competition Policy compliance

Council has complied with the requirements with the National Competition Policy for the period 1 July 2011 to 30 June 2012, in accordance with the requirements outlined in National Competition Policy and Local Government (Revised 2011), in respect of:

- Trade Practices
- Local Laws, and
- Competitive Neutrality for all of its significant businesses.

Donations and grants

Local community-based groups often find it difficult to obtain funding from programs under the auspices of the Australian or state governments. Council's Community Grants program provides these groups with the opportunity to access funding for a variety of needs.

The community value-adding aspect of the program (funding on a 1:1 basis) means that Council often achieves considerably more for each dollar it expends than would be the case for projects carried out without these partnerships, and this can benefit both the Council and the community. There are five funding streams under the East Gippsland Shire Community Grants program:

Community Development

Funding up to \$5,000 on a 1:1 basis to assist non-profit incorporated community groups/organisations within the Shire to purchase equipment, develop new programs or projects or further the development of community based activities.

Community Facilities

Funding up to \$5,000 on a 1:1 basis to assist non-profit incorporated community groups/organisations within the Shire to develop or upgrade existing community sport and recreation facilities in order to support and maintain sport and recreation participation.

Community Festivals and Events

Funding on a 1:1 basis to support the development of local festivals and events in the East Gippsland Shire that celebrate cultural achievement, provide opportunity for community growth, local identity and a range of celebrations:

- regional up to \$5,000;
- district up to \$2,000; and
- local up to \$500.

Arts Projects

Funding up to \$5,000 on a 1:1 basis to assist and support small to medium based one off cultural development and arts initiatives for incorporated groups and individuals operating under the auspices of a group/organisation.

Major Arts Projects

Funding up to \$10,000 on a 1:1 basis for arts projects that use arts and/or cultural practice to enhance community participation, creativity and well-being in film, visual arts, writing, music, performance and other art forms for both incorporated groups and individuals operating under the auspices of a group/organisation.

Annual community grants program funding allocation

Community Development, Facilities and Festival and Events	\$103,600
Arts Projects and Major Arts Projects	\$ 50,000
Total	\$153,600

Community development, facilities, festivals and events	\$
3 HCR High Country Radio	1,700
Australian Volunteer Coast Guard Association Paynesville Flotilla	1,897
Bairnsdale & Riviera Cycle Club Inc	3,800
Bairnsdale Citizen's Band Inc	5,000

Bairnsdale Playgroup Association	690
Bairnsdale Street Harvest/Bairnsdale Neighbourhood House	1,600
Bruthen & District Citizens Association Inc	2,890
Buchan Arts Council	364
Buchan Neighbourhood House	909
Buchan Rodeo Committee Inc	5,000
Cabbage Tree Creek Hall Committee of Management Inc	4,740
Cann River Community Centre	1,250
Clifton Creek Public Hall & Recreation Reserve Committee of Management Inc	938
East Gippsland Branch of Sporting Shooters Association of Australia	5,000
Fishcare East Gippsland Inc	600
Friends of Metung	1,750
Harry Clues Memorial Park Committee of Management	1,807
Lakes Entrance Preschool Inc	5,000
Lakes Entrance Uniting Church Playgroup	739
Lakes Entrance Volleyball	640
Lindenow South Cricket Club	1,300
Lions Club of Orbost	2,500
Mallacoota & District Business & Tourism Association Inc	1,300
Mallacoota Inlet Bowling Club Inc	2,500
Marlo Sports and Tennis Association	4,456
Metung Business & Tourism Association	5,000
Newlands Arm Residents & Ratepayers Association Inc	1,800
Noweyung Ltd	5,000
Omeo Angling Club	4,451
Orbost Little Athletics Centre	1,800
Orbost Secondary College - Centenary Committee	1,000
Paynesville Business & Tourism Association Inc	5,000
Paynesville Lions Club	3,000
Riding for the Disabled - Rideability Bairnsdale Branch	4,442
Rotary Club of Orbost	2,500
St John Ambulance Australia (Victoria) Inc	1,704
Swifts Creek Football Netball Club	5,000
Swifts Creek Kindergarten Parents Committee	2,241
Tambo Valley Bowls Club	1,000
U3A Lakes Entrance Inc	654
Woodglen Playgroup	823
Total	\$103,785

Regional and District Events Sponsorship (RADES) program

The Regional and District Events Sponsorship Program is consistent with the Council's strategic objective to *Promote and market the East Gippsland region to attract visitors and stimulate the economy*. Council's Events Policy provides the basis through which the Shire supports and sponsors events.

The RADES Program aligns with other Council endorsed funding programs and timeframes outlined in the *East Gippsland Shire Grants Guidelines and Eligibility Criteria 2011/2012*.

Executive Officers of East Gippsland Marketing Inc. and East Gippsland Regional Business and Tourism Association Inc. participate as members of the RADES Program Assessment Panel, thus providing external stakeholder input.

The funding pool for the RADES grants in 2011/12 is \$90,000.

Regional and District Events Sponsorship (RADES)	\$
2012 Australian Caravan Club Muster	3,000
2012 Bairnsdale Pro Am	2,273
Alpine Rally	4,000
Bairnsdale Motor Expo	4,000
Bairnsdale Racing Club	7,000
Bairnsdale Rowing Club	5,000
Bruthen Blues	6,625
Bruthen Blues & Music Festival	7,000
East Gippsland Field Days	5,000
High Country Fishing Classic	2,000
Lakes Oil Tour of Gippsland	5,000
Marine and Lifestyle Expo	4,000
Paynesville Music Festival	7,000
Power Boat Racing	4,000
Seafarers Multicultural Festival	4,500
SkyFest	6,000
Surf Life Saving Lakes Entrance	2,000
Thunderbirds Rod & Custom Club	4,000
Vic Bream Classics	5,000
Women on Farms Gathering Conference	4,545
Total	\$91,943

Other contributions and donations	\$
Advance TAFE	2,000
Bairnsdale & District Model Aero Club Inc	500
Bairnsdale Secondary College	350
Bairnsdale Senior Citizens	5,450
Bruthen & District Citizens Association	4,870
Bruthen Events & Arts Council	2,000
Bruthen Senior Citizens Centre	6,350
Central Gippsland Institute of TAFE	6,000
Centre for Rural Communities Inc	500
Colquhoun/North Arm Landcare Group	500
Community College East Gippsland	3,000
East Gippsland Art Gallery	10,100
East Gippsland Marketing Inc	100,000
East Gippsland Regional Business & Tourism	67,000

East Gippsland Sports Foundation	2,000
Enchanted Books	2,000
Feastonart Inc	2,650
Friends of Paynesville Library	100
GippsDairy Board	1,000
Gippsland Climate Change Network	5,000
Gippsland Education Precinct	8,333
Gippsland Lakes Community Health	7,625
Gippsland Regional Sports Academy	6,000
Gippsland East Local Learning Employment Network	1,000
John Couzens	350
Keep Ensay Beautiful Committee	2,900
Kilmany Uniting Care	1,818
Lakes Entrance Preschools Inc (Starting Schools Expo)	4,000
Lakes Entrance Secondary College	100
Lakes Entrance Senior Citizens	5,750
Lakes Entrance Surf Life Saving	1,500
Life Saving Victoria	38,427
Lions Club of Bruthen (Australia Day)	600
Lions Club of Lakes Entrance (Australia Day)	1,200
Lions Club of Lindenow (Australia Day)	1,000
Lions Club of Omeo (Australia Day)	800
Mallacoota Cricket Club (Australia Day Cricket Match)	800
Mallacoota District Senior Citizens	8,525
Mallacoota Strum Club Inc	9,200
Monash University Gippsland (East Gippsland Bursaries)	4,500
Municipal Association of Victoria (Rural Councils Victoria Network)	2,000
Nagle College	100
Orbost Senior Citizens	4,950
Paynesville Business Tourism Association (Australia Day)	1,000
Rotary Club of Lakes Entrance	3,600
Rotary Club of Mitchell River	1,000
Rotary Club of Mitchell River (Australia Day)	1,000
Rotary Club of Orbost (Australia Day)	1,200
RSL of Australia Inc - Bairnsdale	150
RSL of Australia Inc - Buchan	100
RSL of Australia Inc - Cann River	100
RSL of Australia Inc - Ensay/Swifts Creek	100
RSL of Australia Inc - Lakes Entrance	200
RSL of Australia Inc - Mallacoota	100
RSL of Australia Inc - Metung	100
RSL of Australia Inc - Omeo	100
RSL of Australia Inc - Orbost	100
RSL of Australia Inc - Paynesville	100
Salvation Army (Victoria) - Bairnsdale	3,381
Swifts Creek School	50
Uniting Care Gippsland	1,282
WA Pendergast & Sons	512
Total	\$347,023

Committees of Management

The annual operational/maintenance funding allocation aims to provide a transparent approach towards the equitable distribution of funds to Committees of Management of both Council and Crown land facilities within East Gippsland Shire.

Council provides an annual operational/maintenance funding allocation to each incorporated Committee managing recreation facilities and community halls within East Gippsland Shire.

Annual operating contribution (Committee of Management)	\$
A J Freeman Reserve Committee	3,517
Bairnsdale City Oval	19,397
Bemm River Community Recreation Centre	1,900
Bemm River Recreation Reserve	1,275
Benambra Memorial Hall	2,600
Bendoc Hall & Recreation Reserve	886
Bengworden Hall	980
Bonang Hall	570
Bruthen Mechanics Institute	2,000
Bruthen Recreation Reserve	4,990
Buchan Mechanics Institute	1,422
Buchan Recreation Reserve & Public Purposes Reserve	3,280
Bullumwaal Mechanics Hall	860
Cabbage Tree Creek Public Hall	570
Cann River Community Centre	2,320
Cann River Hall & Recreation Reserve	2,594
Cassilis Recreation Reserve	1,196
Clifton Creek Hall & Recreation Reserve	1,155
Combienbar Hall & Recreation Reserve	675
Eagle Point Community Hall	1,470
Eagle Point Recreation Club	790
East Gippsland Rail Trail	459
Ensay Mechanics Institute Reserve	860
Ensay Recreation Reserve	2,199
Evelt Park	2,580
Fernbank Mechanics Institute	956
Flaggy Creek Hall	860
Gelantipy Public Hall Reserve	860
Genoa Hall Committee Incorporated	1,640
Genoa Sports Club	750
Glen Valley Hall	860
Goongerah Public Hall & Recreation Reserve	925
Harry Clues Memorial Park	1,241
Hillside/Rosehill Reserve Association Inc	860
Hinnomunjie Recreation Reserve	2,500
Howitt Park Reserve	4,330
Johnsonville Public Hall Committee Incorporated	1,570
Lake Omeo Reserve	1,150
Lake Tyers Beach Recreation Reserve	810
Lake Tyers Beach Road Hall	1,067
Lakes Entrance Recreation Reserve	12,619
Lakes Entrance Youth & Recreation Centre	8,860
Lindenow Memorial Hall Reserve	2,055

Lindenow South Recreation Reserve	3,217
Lindenow Sports Ground	7,757
Lochiel Park, Orbost (Orbost Snowy Rovers Football Club)	3,210
Lucknow Memorial Hall	1,200
Lucknow Recreation Reserve	7,048
Mallacoota Hall & Recreation Reserve Grounds	6,186
Marlo Sports & Tennis Reserve	790
Mossiface & Wiseleigh Memorial Hall	970
Newmerella Recreation Reserve (Orbost Agricultural Society)	1,170
Nicholson Hall & Tennis Courts Committee	1,676
Noorinbee Public Purpose Reserve	730
Nowa Nowa Health & Fitness	560
Nowa Nowa Public Hall	757
Nowa Nowa Recreation Reserve	892
Omeo Angling Club Recreation Reserve	1,050
Omeo Recreation Reserve	6,977
Omeo Soldiers Memorial Hall	2,000
Orbost Community Sports Centre Committee of Management Inc	4,447
Orbost Recreation Reserve (Orbost Cricket Club)	3,745
Picnic Point Hall	2,630
Raymond Island Community Association Inc	1,510
Sarsfield Recreation Reserve	2,426
Simpsons Park Hall & Reserve (Newlands Arm Residents & Ratepayers Association Inc)	1,332
SNAP Gippsland Inc (Hadfield Street Recreation Reserve)	1,000
Swan Reach Recreation Reserve	7,330
Swifts Creek Hall	2,096
Swifts Creek Recreation Reserve	2,353
Tambo Upper Hall	1,203
Tubbut Hall Committee Inc	931
Wairewa Public Hall & Recreation Reserve	995
West Bairnsdale Oval	4,397
Wulgulmerang Recreation Reserve	1,220
Wy Yung Hall & William McBriar Reserve	1,415
Wy Yung Recreation Reserve	3,957
Total	\$193,635

Annual operating contribution (SES)	\$
State Emergency Service Bairnsdale	18,091
State Emergency Service Bonang	12,192
State Emergency Service Bruthen	12,172
State Emergency Service Buchan	18,091
State Emergency Service Cann River	18,091
State Emergency Service Mallacoota	18,091
State Emergency Service Orbost	18,091
State Emergency Service Swifts Creek	18,091
Total	\$132,910

Victorian local government indicators

In accordance with the *Local Government Act 1989*, the Minister for Local Government requires all Victorian Councils to measure and annually report against 11 Victorian Local Government Indicators. These indicators provide information regarding expenditure, cost of services and infrastructure provision, customer satisfaction and governance. Two year's worth of data is provided below to enable comparison.

Category	VLGI No	Indicator	Calculation	2010/11 [^]	2011/12
Cost of Governance	1	Average rates and charges per assessment	$\frac{\text{Total rates and charges net billed}}{\text{Number of assessments in budget}}$	\$1,235	\$1,304
	2	Average residential rates and charges per assessment	$\frac{\text{Rates and charges declared for residential and garbage and municipal charge}}{\text{Number of residential assessments budget}}$	\$1,139	\$1,206
Sustainability	3	Average liabilities per assessment	$\frac{\text{Total liabilities}}{\text{Number of assessment budget}}$	\$747	\$1,283
	4	Operating result per assessment	$\frac{\text{Net surplus}}{\text{Number of assessments budget}}$	\$217	(\$167)
Services	5	Average operating expenditure per assessment	$\frac{\text{Operating expenditure}}{\text{Depreciation}}$	\$2,337	\$2,857
	6	Community satisfaction rating for the overall performance of Council*	Result from the <i>Annual Local Government Community Satisfaction Survey*</i> (indexed mean)	60%	58%
Infrastructure	7	Average capital expenditure per assessment	$\frac{\text{Capital expenditure}}{\text{Number of assessments budget}}$	\$689	\$766
	8	Renewal Gap	$\frac{\text{Capital renewal}}{\text{Average annual asset consumption}}$	86%	69%
	9	Renewal and maintenance gap	$\frac{\text{Capital renewal and maintenance}}{\text{Average annual asset consumption plus planned maintenance}}$	92%	82%
Governance	10	Community satisfaction rating for the Council's advocacy and Community representation on key local issues*	Result from the <i>Annual Local Government Community Satisfaction Survey*</i> (indexed mean)	59%	53%
	11	Community satisfaction rating for the Council's engagement in decision making on key local issues	Result from the <i>Annual Local Government Community Satisfaction Survey*</i> (indexed mean)	54%	54%

*The Victorian government revised the survey methodology and content for the 2012 Community Satisfaction Survey. Further explanation on changes to the survey and how these results should be read is provided in Section Two: Performance against the Council Plan 2009-2013 under *Community Satisfaction Survey 2012*.

[^] Comparative indicators for 2010/11 have been adjusted to be consistent with the 2010/11 Victorian Grants Commission return.

Section Three

Financial Performance

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A guide to the Financial Report

This report shows how East Gippsland Shire Council performed financially during the 2011/12 financial year. It also provides the overall financial position of Council as at 30 June 2012.

Introduction

The financial Report contains four main sections:

- Summary Report
- Financial Statements
- Notes to the Accounts
- Standard Statements

The statements and notes to the accounts are prepared by Council's Finance Unit, audited by the Victorian Auditor General and examined by the Audit Committee and Council.

Financial Statements

Comprehensive Income Statement

The Comprehensive Income Statement shows:

- revenue sources by income category; and,
- expenses relating to Council operations, not including costs associated with the purchase or building of assets. While costs for asset purchase are not shown, asset depreciation is included.

The key figure in this statement is the surplus or deficit for the year. A surplus indicates that revenue exceeded expenses.

Balance Sheet

The Balance Sheet is a one-page summary of Council's financial position as at 30 June. It shows what East Gippsland Shire Council owns as assets and what is owed in liabilities. Assets and liabilities are split into current and non-current items. Current items reflect those assets or liabilities that will fall due in the next 12 months. The 'Total Equity' line of this statement indicates the net worth of the Council, which has been developed over many years.

Cash Flow Statement

The Cash Flow Statement summarises Council's cash payments and cash receipts for the financial year, indicating the net increase or decrease in cash held by East Gippsland Shire Council. Values in this statement represent 'cash-in-hand' and may vary from the Comprehensive Income Statement and Balance Sheet, which are prepared on an accrual basis. Cash in this statement refers to bank deposits and other forms of liquid investments.

Statement of Changes in Equity

This statement summarises the change in the net worth of East Gippsland Shire Council from the previous year. The net worth of Council can be changed as a result of:

- a surplus or deficit recorded in the Comprehensive Income Statement; and/or,
- use of money from Council reserves; and/or,
- an increase or decrease in the value of non-current assets based on revaluation of assets.

Notes to the Accounts

The notes provide detailed information to assist understanding of the financial statements, including statement preparation procedures, significant Council accounting policies, and many summary figures underlying the values contained within the statements. Notes also provide information and detail that Council wishes to provide but cannot be included within the financial statements. Numbers associated with notes are shown beside the relevant items within the financial statements.

Standard Statements

East Gippsland Shire Council is required to present audited Standard Statements for Income, Balance Sheet, Cash Flows and Capital Works in accordance with the *Local Government Act* 1989. Each standard statement reports the difference between actual results for the financial year and the adopted Council budget that was established at the start of the financial year. Any major differences between the financial statements and the standard statements are explained within the notes.

These standard statements reflect the financial statements with the addition of the capital works statements. The Statement of Capital Works provides details of Council expenditure on creating or purchasing property, infrastructure, plant and equipment, furniture and equipment and drainage by asset category. Overall figures for asset renewal, expansion, upgrade and creation (new assets) are also shown.

Certification Reports

Certification by the Principal Accounting Officer is made by East Gippsland Shire Council's Manager Finance who is responsible for the financial management of Council. The report certifies that in that officer's opinion, the financial statements have met all statutory and professional reporting requirements.

Certification is also required by East Gippsland Shire Council's Chief Executive Officer, and two Councillors on behalf of Council. Their reports certify that in their opinion, the financial statements are fair and not misleading.

Auditor General Report

The Independent Audit Report presents an external professional opinion on the financial statements. The report provides confirmation that the Financial Report has been prepared to comply with relevant legislation and professional standards, and provides a fair representation of Council finances.

East Gippsland Shire Council
Comprehensive Income Statement
For the Year Ended 30 June 2012

	Note	2011/12 \$'000	2010/11 \$'000
Income			
Rates	3	39,446	36,523
Grants – Recurrent	4b	21,730	17,981
Grants – Non-recurrent	4c	3,667	3,084
Statutory Fees and Fines	5	1,313	1,430
User Fees	6	6,553	5,346
Interest		2,069	1,919
Contributions	4d	271	1,527
Reimbursements	4e	855	2,022
Commercial Fees and Charges		2,287	2,091
Contributed Assets	4d	1,913	2,615
Other	7	184	128
Total Income		80,288	74,666
Expenses			
Employee Benefits	8	24,488	16,638
Contract Payments	9	25,628	22,464
Materials and Services	10	5,120	3,737
Depreciation and Amortisation	11	15,706	13,912
Service Agreements		944	975
Contributions	12	1,377	5,875
Assets Written Off	13	193	388
Finance Costs	14	951	556
Other	15	10,813	4,001
Total Expenses		85,220	68,546
Net gain/(loss) on Disposal of Non Current Assets	16	(45)	207
Surplus (Deficit) for the Year		(4,977)	6,327
Net Asset Revaluation Increment / (Decrement)		56,572	26,052
Comprehensive Result		51,595	32,379

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

East Gippsland Shire Council
Statement of Financial Position
As at 30 June 2012

	Note	2011/12 \$'000	2010/11 \$'000
Assets			
Current Assets			
Cash and Cash Equivalents	17	30,664	28,913
Receivables	18	4,716	5,506
Other	19	768	1,220
Total Current Assets		<u>36,148</u>	<u>35,639</u>
Non-Current Assets			
Receivables	18	4,297	4,497
Property, Infrastructure, Equipment, Furniture and Fittings	20	731,068	663,689
Investment Property	21	1,625	1,574
Intangible Assets	22	27	153
Total Non-Current Assets		<u>737,017</u>	<u>669,913</u>
Total Assets		<u><u>773,165</u></u>	<u><u>705,552</u></u>
Liabilities			
Current Liabilities			
Payables	23	8,180	6,739
Provisions	24	3,619	2,620
Interest-Bearing Liabilities	25	1,299	659
Total Current Liabilities		<u>13,098</u>	<u>10,018</u>
Non-Current Liabilities			
Payables	23	3,765	-
Prepaid Income		1,198	-
Provisions	24	11,744	2,992
Interest-Bearing Liabilities	25	8,471	8,969
Total Non-Current Liabilities		<u>25,178</u>	<u>11,961</u>
Total Liabilities		<u><u>38,276</u></u>	<u><u>21,979</u></u>
Net Assets		<u><u>734,889</u></u>	<u><u>683,573</u></u>
Equity			
Accumulated Surplus		277,606	282,933
Asset Revaluation Reserve	26	455,982	399,410
Non Discretionary Reserve	26	1,301	1,230
Total Equity		<u><u>734,889</u></u>	<u><u>683,573</u></u>

The above Statement of Financial Position should be read with the accompanying notes.

East Gippsland Shire Council
Cash Flow Statement
For the Year Ended 30 June 2012

	Note	2011/12 Inflows (Outflows) \$'000	2010/11 Inflows (Outflows) \$'000
Cash Flows from Operating Activities			
Receipts from Ratepayers		39,111	36,298
Interest Received		2,034	1,747
User Charges, Fines and Fees		10,444	7,680
Other Receipts		133	128
Contributions and Reimbursements Received		3,605	5,420
Grants – Recurrent		21,730	15,641
Grants – Non-recurrent		3,667	5,424
GST Collected		1,597	1,476
GST Refunds from Australian Taxation Office		3,664	3,846
		<u>85,985</u>	<u>77,660</u>
Payments to Employees		(19,688)	(16,256)
Payments to Suppliers		(29,212)	(24,749)
Borrowing Costs		(812)	(422)
Other Payments		(6,288)	(10,624)
GST Paid to Suppliers		(5,362)	(5,193)
		<u>(61,362)</u>	<u>(57,244)</u>
Net Cash Provided by Operating Activities	27	<u>24,623</u>	<u>20,416</u>
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment, Infrastructure		(23,218)	(20,414)
Proceeds from Sale of Assets		204	386
Net Cash Used in Investing Activities		<u>(23,014)</u>	<u>(20,028)</u>
Cash flows from Financing Activities			
Loan Principal Repayments		(659)	(838)
Loans Funds Received		801	3,500
Net Cash Used in Financing Activities		<u>142</u>	<u>2,662</u>
Net Increase / (Decrease) in Cash and Cash Equivalents		1,751	3,050
Cash and Cash Equivalents at the Beginning of the Year	28	28,913	25,863
Cash and Cash Equivalents at the End of the Year	28	<u>30,664</u>	<u>28,913</u>
Restricted Cash Assets	29		
Financing Arrangements	28		

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

East Gippsland Shire Council
Statement of Changes in Equity
For the Year Ended 30 June 2012

	Total		Accumulated Surplus		Non- Discretionary Reserve		Asset Revaluation Reserve	
	2011/12 \$'000	2010/11 \$'000	2011/12 \$'000	2010/11 \$'000	2011/12 \$'000	2010/11 \$'000	2011/12 \$'000	2010/11 \$'000
Balance at beginning of year	683,573	651,197	282,933	276,629	1,230	1,210	399,410	373,358
Effects of correction of errors*	(279)	-	(279)	-	-	-	-	-
Surplus / (Deficit) for the year	(4,977)	6,327	(4,977)	6,327	-	-	-	-
Net Asset Revaluation Increment / (Decrement)	66,685	8,887	-	-	-	-	66,685	8,887
Transfers to/ from Reserves	(75)	-	(71)	(20)	71	20	(75)	-
Asset Impairment adjustment	(10,038)	(171)	-	-	-	-	(10,038)	(171)
Other	-	(3)	-	(3)	-	-	-	-
Balance at End of Year previously reported	734,889	666,237	277,606	282,933	1,301	1,230	455,982	382,074
Prior year adjustment *	-	17,336	-	-	-	-	-	17,336
Balance at End of Year Restated	734,889	683,573	277,606	282,933	1,301	1,230	455,982	399,410

+ This correction refers to prepaid income received in relation to multi year berth licences that was incorrectly recognised as income in 2010/11.

* Refer to Note 1(E) for further explanation.

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

Notes to the Financial Statements For the Year Ended 30 June 2012

Introduction

East Gippsland Shire Council was established by an Order of the Governor in Council on 2 December 1994 and is a body corporate. Council's main office is located at 273 Main Street, Bairnsdale, Victoria 3875.

The purpose of Council is:

- to provide for the peace, order and good governance of its municipal district;
- to promote the social, economic and environmental viability and sustainability of the municipal district;
- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- to improve the overall quality of life of people in the local community;
- to promote appropriate business and employment opportunities;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and,
- to ensure transparency and accountability in Council decision making.

This financial report of East Gippsland Shire Council is a general purpose financial report that consists of a Comprehensive Income Statement, Statement of Financial Position, Cash Flow Statement and Statement of Changes in Equity; and notes accompanying these statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Finance and Reporting) Regulations 2004*.

Notes to the Financial Statements For the Year Ended 30 June 2012

Note 1 Summary of Significant Accounting Policies

(A) Basis of Accounting

This financial report has been prepared on an accrual and going concern basis. This financial report has been prepared under the historical cost convention, except where specifically stated in Notes 1(e) and Note 1(w).

The accounting policies adopted in preparing the financial statements are consistent with those of the previous year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

(B) Revenue Recognition

Rates, Grants, and Contributions

Rates, grants, and contributions (including developer contributions) other than reciprocal contributions received from owners, are recognised as revenues when Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold, except where the outstanding rates have exceeded the Capital Improved Value of the property.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that grants have been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 4. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Interest and Rents

Interest and rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

User Charges, Fees and Fines

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

A provision for doubtful debts is recognised when the collection in full is no longer probable.

Sale of Property, Plant and Equipment, Infrastructure

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

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

(C) Depreciation and Amortisation of Non-Current Assets

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives to Council in a manner which reflects the 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 is provided for on a straight-line basis and diminishing value basis, using a range of rates applicable to the local government sector industry that are reviewed annually. These rates are consistent with the prior year unless stated otherwise.

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

Major categories of depreciation are:

Asset Category	2011/12		2010/11	
	Useful Life (Years)	Depreciation rate (% p.a.)	Useful Life (Years)	Depreciation rate (% p.a.)
Buildings	50	2	50	2
Infrastructure				
Bridges – Long life	100	1.00	100	1.00
Bridges – Short life	60	1.67	60	1.67
Underground Drains	100	1.00	100	1.00
Road Pavement	18-50	2.00 – 5.56	18-50	2.00 – 5.56
Road Seal	17	5.88	17	5.88
Road Wearing Course	15-60	1.67 – 6.67	15-60	1.67 – 6.67
Footpaths	15-65	1.54 – 6.67	15-65	1.54 – 6.67
Kerb and Channel	50	2	50	2
Culverts	80	1.25	80	1.25
Other Structures	20-50	5 – 2	20-50	5 – 2
Road Earthworks	Not depreciated		Not depreciated	
Plant and Equipment				
Equipment – Ferry	40	2.5	40	2.5
Equipment – Other	5-10	20-10	5-10	20-10
Furniture and Fittings	10-20	10-5	10-20	10-5
Intangible Assets	5-10	20-10	5-10	20-10

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 1 Summary of Significant Accounting Policies (continued)

(D) Acquisitions of Assets

The purchase method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees, engineering design fees and all other costs incurred in getting the asset ready for use.

Non-monetary assets received in the form of physical infrastructure are recorded as assets and contribution revenues, at their fair value at 30 June of the financial year in which the assets were received.

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

(E) Recognition and Measurement of Property, Infrastructure, Plant and Equipment

General

The following classes of assets have been recognised in Note 20. In accordance with Council's policy, the threshold limits below have been applied when recognising assets within an applicable asset class and unless otherwise stated, are consistent with the prior year.

Asset Class	Threshold Limit (\$'000)
Land and Buildings	
Land	0
Buildings	5
Structures	
Bridges	5
Underground Drains	5
Road Pavement	5
Road Seal	5
Footpaths	5
Kerb and Channel	5
Other Structures	5
Plant and Equipment	
Ferry	1
Other Equipment	1
Furniture and Fittings	1

Land Under Roads

Land under roads acquired after 30 June 2008 is brought to account using the cost basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 1 Summary of Significant Accounting Policies (continued)

Recognition and Measurement of Property, Infrastructure, Plant and Equipment Revaluation (Continued)

Revaluation

Subsequent to initial recognition of assets, non-current physical assets, other than plant and equipment and furniture and fittings, are measured at fair value, being the amount for which assets could be exchanged between knowledgeable willing parties in an arms length transaction.

At balance date, 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 carry value materially differed from the fair value at balance date the class of asset was revalued.

Where 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.

Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from two to four years. The valuation is performed either by experienced council officers or independent experts.

Land and Building Revaluation

As at 30 June 2011, Land and Building Assets were revalued to fair value. This revaluation was undertaken by independent valuer, Craig McMillan, Director, Certified Practising Valuer (No. 62705), A.A.P.I., B.Business (Property) of Herron Todd White (Gippsland) and independent Quantity Surveyor, Ben Walpole, Director Quantity Surveying, B. Quantity Surveying Grad Cert (Comm) Dip. Building of Herron Todd White (Sydney).

Land assets were revalued using the direct comparison method, adopting a rate per square metre analysis.

Building assets were revalued on a depreciated replacement cost basis. Depreciation was based upon the age of the improvements.

During the revaluation process in 2010/11, Council misinterpreted the information provided by the valuer, which resulted in the revised building asset values being placed into the accounting system at value lower than their revised replacement value. This resulted in the value in the Building assets class being understated. As a result, the building assets have been restated. These errors have been retrospectively adjusted to the Asset Revaluation Reserve and the Building Assets as shown in the table below.

A third Statement of Financial Position has not been presented to disclose these prior year errors, as they were considered not material to the comparative amounts included within the Statement of financial Position.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 1 Summary of Significant Accounting Policies (continued)

	<u>Actual 2010/11</u>	<u>Prior year adjustments</u>	<u>Restated Actual 2010/11</u>
	(\$,000)	(\$,000)	(\$,000)
Assets - Buildings	53,066	17,336	70,402
Asset Revaluation Reserve	(382,074)	(17,336)	(399,410)

Infrastructure Revaluation

As at 30 June 2009, Infrastructure was revalued to fair value. This revaluation was undertaken by Council's engineering and asset management staff.

Infrastructure assets were revalued on a depreciated replacement cost basis. Depreciation was based upon the age of the improvements.

As at 30 June 2012, Council reviewed the values of infrastructure assets and determined that the values needed to increase in line with the Road and Construction index due to the significant increase in that index over the last three years since the formal revaluation. This was to ensure that the Statement of Financial Position reflected the fair value of this class of asset. The index has been used to adjust the values, with a formal revaluation of this class of asset to take place in the 2012/13 financial year.

Contributed Assets

Some land and infrastructure assets have been contributed to Council during the year from new subdivisions. Council value these at 30 June of the year that they are received using the following method:

Land:	Qualified valuers for valuation
Infrastructure:	Council officers assessment of development costs of construction based upon detailed costings provided by developers.

(F) Impairment of Assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised 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 the same class of asset.

(G) Repairs and Maintenance

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

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 1 Summary of Significant Accounting Policies (continued)

(H) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with short periods to maturity that are readily convertible to cash on hand at Council's option, and are subject to insignificant risk of changes in values net of outstanding bank overdrafts.

(I) Investments

Cash in excess of immediate requirements is invested on a short-term basis with approved financial institutions. Investments are measured at cost. Interest revenues are recognised as they accrue.

(J) Debtors and Other Receivables

Rate Debtors

Rate debtors including any interest charges on unpaid rates.

Other Debtors

A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collect ability of overdue accounts is assessed on an ongoing basis.

(K) Leases

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.

(L) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as a qualifying asset constructed by Council. The weighted average interest rate applicable to borrowings at balance date, including borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include (where applicable); interest on borrowings, interest on bank overdrafts and finance lease charges.

(M) Prepaid Income

The prepaid income relates to cash received but not earned in relation to multi year marina berths. The unearned cash component is treated as a liability. Income is recognised progressively as the each year of a lease is consumed.

(N) Employee Benefits

Wages and Salaries

Liabilities for wages and salaries are recognised and are measured as the amount unpaid at balance date and include appropriate on costs such as Workcover charges.

Note 1 Summary of Significant Accounting Policies (continued)

Employee Benefits (continued)

Annual Leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date. Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate on costs, expected to be paid when settled.

Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Rates from the Victorian Department of Treasury and Finance are used for discounting future cash flows.

Long Service Leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related on costs and other factors, including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Rates from the Victorian Department of Treasury and Finance are used for discounting future cash flows.

Classification of Employee Benefits

An employee benefit liability is classified as a current liability if Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Sick Leave

No liability is recognised for sick leave as it is not paid out on termination and it is not expected that sick leave taken in future periods will exceed the entitlements that will accrue.

(O) Superannuation

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan, which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. These arrangements are detailed in Note 30.

(P) Creditors and other Current Liabilities

Creditors and other current liabilities are amounts due to external parties for the purchase of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid within 30 days of goods being received. Interest is not payable on these liabilities.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 1 Summary of Significant Accounting Policies (continued)

(Q) Funds held in Trust

Funds held in trust are recognised as current liabilities. Liabilities recorded in this category include excess sale proceeds from rate recovery auctions awaiting claim or transfer to revenue in accordance with the provisions of the *Local Government Act 1989*.

(R) Refundable Deposits

Amounts received as tender deposits and retention amounts controlled by Council are included in the amount disclosed as payables within current liabilities until refunded or forfeited.

(S) Budget Information

Amounts shown in the financial report as budget information have been disclosed for information purposes only. Where necessary, budget information has been recast to comply with the current presentation requirements. The budgeted figures have been drawn from Council's budget approved at the time the rates and Annual Business Plan were adopted by Council for the reporting year.

(T) Web Site Costs

Costs in relation to websites are charged as an expense in the period in which they are incurred.

(U) Goods and Services Tax (GST)

Revenue expense and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are to be included in the Cash Flow Statement on a gross basis. We are unable to accurately split the GST between the different line items of the Cash Flow Statement, as this would be impracticable due to the functionality of the financial system. Therefore, the cash flows resulting from the GST have been shown as separate line items in the Cash Flow Statement.

(V) Rounding

All amounts shown in the financial statements are expressed to the nearest thousand dollars, unless otherwise indicated. Some figures in the financial statement may not equate due to rounding.

(W) Non-Current Assets held for Sale

A non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell and are not subject to depreciation.

(X) Investment Property

Investment property, comprising land and buildings, is held for lease or capital appreciation. All tenant leases are on arms length basis. Investment property is measured initially at cost, including transaction costs. After initial recognition, investment property is carried at fair value, determined annually by experienced Council Officers or independent valuers. Changes to fair value are recorded in the comprehensive income statement as other income.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 1 Summary of Significant Accounting Policies (continued)

(Y) Financial Guarantees

Financial guarantee contracts are recognised as a contingent liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate in the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(Z) Allocation between Current and Non-Current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after reporting.

(ZA) Contingent Assets and Contingent Liabilities and Commitments

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively. Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value and inclusive of the GST payable.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 2 Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to Council, but are not yet effective. They have not been adopted in preparation of the Financial Statements at reporting date.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	1 Jan 2013	Detail of impact is still being assessed.
AASB 10 <i>Consolidated Financial Statements</i>	This Standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and supersedes those requirements in AASB 127 <i>Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities</i> .	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 10 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 11 <i>Joint Arrangements</i>	This Standard requires entities that have an interest in arrangements that are controlled jointly to assess whether the arrangement is a joint operation or joint venture. AASB 11 shall be applied for an arrangement that is a joint operation. It also replaces parts of requirements in AASB 131 <i>Interests in Joint Ventures</i> .	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 11 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 12 <i>Disclosure of Interests in Other Entities</i>	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 and AASB 131.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 12 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 13 <i>Fair Value Measurement</i>	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
	liabilities; other observable inputs; and unobservable inputs.		have assets measured using depreciated replacement cost.
AASB 119 <i>Employee Benefits</i>	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.
AASB 127 <i>Separate Financial Statements</i>	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 128 <i>Investments in Associates and Joint Ventures</i>	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</i>	These consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]</i>	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 <i>Investment Property</i> .	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]</i>	The amendments ultimately affect AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	1 Jan 2013	No significant impact is expected on entity reporting.
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]</i>	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under <i>Australian Accounting Standards – Reduced Disclosure Requirements</i> .	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]</i>	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	1 July 2012	This amendment provides clarification to users preparing the whole of government and general government sector financial reports on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on departmental or entity reporting.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]</i>	This Standard amends AASB 124 <i>Related Party Disclosures</i> by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-6 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]</i>	The objective of this Standard is to make amendments to AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]</i>	This Standard outlines consequential changes arising from the issuance of the five 'new Standards' to other Standards. For example, references to AASB 127 <i>Consolidated and Separate Financial Statements</i> are amended to AASB 10 <i>Consolidated Financial Statements</i> or AASB 127 <i>Separate Financial Statements</i> , and references to AASB 131 <i>Interests in Joint Ventures</i> are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i>	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</i>	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change	1 July 2012	This amending Standard could change the current presentation of 'Other economic flows- other movements in equity' that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently. No other significant impact will be expected.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
	the option to present items of OCI either before tax or net of tax.		
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i> [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 <i>Employee Benefits</i> .	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-11 <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 <i>Employee Benefits</i> (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> [AASB 1]	This Standard makes amendments to AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> , as a consequence of the issuance of IFRIC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i> . This Standard allows the first-time adopters to apply the transitional provisions contained in Interpretation 20.	1 Jan 2013	There may be an impact for new agencies that adopt Australian Accounting Standards for the first time. No implication is expected for existing entities in the Victorian public sector.
2011-13 <i>Amendments to Australian Accounting Standard – Improvements to AASB 1049</i>	This Standard aims to improve the AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	1 July 2012	No significant impact is expected from these consequential amendments on entity reporting.
2012-1 <i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements</i> [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 <i>Fair Value Measurement</i> .	1 July 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>), the reduced

Notes to the Financial Statements
For the Year Ended 30 June 2012

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
			disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.
<i>AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine</i>	This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.	1 Jan 2013	No significant impact is expected on entity reporting.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 3 Rates

**2011/12
(\$'000) 2010/11
(\$'000)**

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the Shire. The CIV is the value of land and all its improvements.

The valuation base to calculate general rates for 2011/12 was \$8,180M, (2010/11 \$8,055M).

The applicable rates in the CIV dollar were:

	2011/12	2010/11
• General/Residential property	0.00338406	0.00317324
• Farm property	0.00304565	0.00301458
• Commercial/Industrial property	0.00490689	0.00460120

Which derived Rate revenues of:

General Rates (at declaration)	28,551	26,556
Municipal Charge (at declaration)	6,042	5,645
Supplementary Rates and Adjustments	703	550
Interest and Collection Charges	334	311
Garbage Charge	3,816	3,461
	39,446	36,523

The date of the last general revaluation of land for rating purposes within the Shire occurred effective as at 1 January 2012, with this valuation first applied in the rating period commencing 1 July 2012.

The date of the previous general revaluation of land for rating purposes within the Shire was 1 January 2010, and this valuation was first applied in the rating period commencing 1 July 2010.

Note 4 Summary of Grants, Contributions and Reimbursements
Note 4a Summary

Federally Funded Grants	22,068	19,213
State Funded Grants	3,182	1,799
Others	147	54
	25,397	21,066

Note 4b Grants – Recurrent

Community Services	921	778
Disaster Funding	144	115
Grants Commission General Assistance	11,654	8,950
Grants Commission Local Roads	5,578	4,171
Health and Environmental Services	165	154
Library Services and Facilities	291	282
Sport and Recreation	33	492
Strategic Planning Services	112	241
Transport Services (including school crossings)	47	38
Roads to Recovery Program and Other Road Seals	1,731	2,340
Other Services	1,054	420
	21,730	17,981

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

	2011/12 (\$'000)	2010/11 (\$'000)
Note 4c		
Grants – Non-Recurrent		
Community Facilities	908	804
Recreation/Sport Facilities	649	619
Roads Infrastructure (including Vic Roads and Flood Damage)	2,110	1,661
	<u>3,667</u>	<u>3,084</u>
Note 4d		
Contributions – Cash Contributions		
Special Charge Scheme – Operating	2	1,376
Strategic Planning Services	227	112
Other Services	42	39
	<u>271</u>	<u>1,527</u>
Contributions – Non Cash		
Land Under Roads	274	327
Roads	1,137	1,645
Drainage	502	643
	<u>1,913</u>	<u>2,615</u>
Note 4e		
Reimbursements		
Administrative Services	114	128
Coast and Waterways Facilities	1	6
Community Facilities	24	1,018
Community Services	-	128
Health and Environmental Services	4	7
Recreation/Sport Facilities	2	-
Strategic Planning Services	47	88
Transport Services	48	34
Valuations	86	308
Other Services	529	305
	<u>855</u>	<u>2,022</u>
Total Grants, Contributions and Reimbursements	<u>28,436</u>	<u>27,229</u>
Note 4f		
Conditions Over Grants		
Grants recognised as revenues during the current and previous reporting periods, and which were obtained on the condition that they be expended for particular purpose but yet to be applied in that manner as at the reporting date:		
Access and Outreach	6	-
Ada River Bridge – Errinundra Road	-	6
Bairnsdale Urban Landcare Group – Removal of Invasive Pest	1	10
Species Mitchell River		
Bairnsdale Visitor Information Centre Refurbishment	79	-
Bastion Point Beach Access	-	1
Beach Road Metung Rehabilitation	-	16
Betka River Bridge	-	6
Black Resheets 2011/12	64	-
Boys Reading Project	-	2
Buchan and District Community Plan	-	2
Building the Capacity of Local Government to Respond to Pests	-	12
Bus Shelters	-	76
Bushfire and Emergency Planning Manager	16	-
Bushfire Planning Provisions	119	119
Camping Parks Master Plan	-	3

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 4f	Conditions Over Grants (continued)	2011/12 (\$'000)	2010/11 (\$'000)
	Central Power Supply for Tambo Crossing	5	2
	Clifton Creek Fishing Platforms	-	5
	Davidson Oval All Abilities Playground	264	-
	Deadly In Gippsland	10	-
	Domestic Waste Water Management Plan	77	87
	Early Literacy Program	-	28
	Early Years Innovation	-	17
	East Australian Boneseed Eradication and Containment	7	-
	East Bairnsdale Structure Program	45	55
	East Gippsland Community Planning Program	-	49
	East Gippsland Industrial Workforce Development Strategy	20	113
	East Gippsland Inundation Management Project	440	440
	Eastern Creek Drain Upgrade	-	229
	Fishermans Landing Boat Ramp	26	-
	Gelantipy Hall Renovation	-	16
	Glen Arte Road	-	32
	Great Alpine Road Lookout Stage 1	43	-
	Heatwave Plan	3	5
	Heritage Study – Stage 3	11	12
	Howitt Park Lighting	89	-
	Howitt Park Tennis Courts	-	16
	Improving Retail Access to Fresh Fruit and Vegetables	79	55
	Influenza Pandemic Region Plan	-	3
	Joint East Gippsland and Wellington Shire Councils Capital Works Project	30	30
	Kalimna Erosion Project	-	28
	Lakes Entrance Aquadome Extension	128	197
	Lakes Entrance Revitalising Regional Towns	288	190
	Lake Tyers Boat Ramp	-	27
	Lake Tyers Boat Ramp #2	39	-
	Lakeside Drive - Mirrabooka Road Intersection	-	11
	Landscaping and Beautification – Nowa Nowa	-	9
	Lindenow Bowls Club Refurbishment	-	3
	Livingstone Creek Bridge	-	206
	Lucknow Recreation Reserve Water Bore	-	10
	Mallacoota Ocean Access	-	7
	Marlo Foreshore Slope Stabilisation Investigation	28	-
	Metung / Nicholson Public Place Recycling	-	10
	Mia Mia Road Replacement Bridges	-	8
	Mitchell River Feasibility	-	25
	Mount Lookout Road Mia Mia Creek	-	5
	Municipal and Essential Service Provision – Lake Tyers Aboriginal Trust	4	10
	Neighbourhood Safer Place Maintenance	7	15
	Omeo Library Upgrade	-	12
	Omeo Recreation Reserve Water Conservation	-	8
	Orbost Kinder Extension	-	35
	Orbost Slab Hut Upgrade	-	4
	Preventing Adolescent Alcohol Use Project	1	-
	Raymond Street Final Seal	-	2
	Regional Urban Development Plan	16	-
	Rural Access	48	41

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 4f	Conditions Over Grants (continued)	2011/12 (\$'000)	2010/11 (\$'000)
	Salisbury Street Main Drain Orbost	-	23
	Shady Gully Vegetation Offset	5	8
	Stirling Drive and Thorpes Lane Rehabilitation	55	-
	Straceys Lane Emu Creek Floodway	-	1
	Supported Parents and Playgroups	2	4
	Tambo Upper Road Safety Improvements	-	1
	Tambo Valley Town Signage	-	11
	Transport Connections	101	71
	Universal Access to Kindergarten	64	19
	Upgrade Buchan Orbost Road	-	1
	Urban Waterway Strategy Development	1	-
	Virtual Visiting Project	42	-
	Wangarabell Road Bridge	-	31
	Weir Land Stoney Creek Floodway	-	12
	West Cann Road Bridge	-	3
	Wy Yung Fishing Platforms	-	38
		2,263	2,533

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 4f	Conditions Over Grants (continued)	2011/12 (\$'000)	2010/11 (\$'000)
	Grants recognised as revenues in a previous reporting period and expended during the current reporting period in the manner specified by the grantor:		
	Access and Outreach	-	2
	Arts and Culture	-	15
	Bairnsdale Urban Landcare Group -		
	Removal of Invasive Pest Species Mitchell River	9	2
	Bemm River Caravan Park Power Upgrade	-	2
	Boneseed Access Track Project	-	2
	Boys Reading Project	2	2
	Bruthen Traffic Islands	-	95
	Buchan Bus N Freight	-	2
	Buchan Streetscape	-	80
	Building the Capacity of Local Government to Respond to Pests	12	-
	Central Power Supply for Tambo Crossing	27	-
	Climate Change	-	1
	Climate Change Forum	-	2
	Cunninghame Arm Footbridge	-	47
	Domestic Waste Water Management Plan	10	-
	Early Literacy	28	12
	Early Years Innovation	17	18
	East Bairnsdale Structure Plan	10	-
	East Gippsland Community Planning Program	49	76
	East Gippsland Music / Arts Music Equipment Grant	-	1
	Eastern Creek Drain Upgrade	229	170
	Environmental Enhancement – Gippsland Lakes	-	27
	Flood Recovery	-	6
	Glen Arte Road	32	-
	Heatwave Plan	3	2
	Home and Community Care Minor Capital Grants	-	2
	Howitt Avenue Rehabilitation	-	185
	Improving Retail access o Fresh Fruit and Vegetables	32	-
	Influenza Pandemic Region Plan	3	-
	Kalimna Erosion Project	28	-
	Lakes Entrance Aquadome extension	69	-
	Lakes Entrance Surf Lifesaving	-	21
	Lakes Entrance Revitalising Regional Towns	92	-
	Landscaping and Beautification – Nowa Nowa	-	22
	Livingstone Creek Bridge	206	-
	Mallacoota Aerodrome Bunker	-	4
	Marlo Walks	-	42
	Metung / Nicholson Public Place Recycling	10	-
	Mitchell River Feasibility Study	25	-
	Municipal and Essential Service Provision - Lake Tyers Trust	6	-
	Neighbourhood Safer Place Maintenance	8	-
	Orbost/Cann River Community Building Initiative	-	115
	Premiers Reading Challenge	-	7
	Recording Mob Based Movements	-	3
	Respond to Pests Program (Round 2)	-	2
	Rural Access	93	20
	Salisbury Street Main Drain Orbost	-	130

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

	2011/12 (\$'000)	2010/11 (\$'000)
Note 4f		
Conditions Over Grants (continued)		
Shady Gully Vegetation Offset	3	-
Small Business Leaders Program	-	1
Static Water Supply Omeo Recreation Reserve	-	17
Strategic Community Economic Development	-	8
Supported Parents and Playgroups	46	7
Transport Connections	68	-
Upgrade Lakes Entrance Recreation Reserve Oval	-	48
Victoria / McKean Street Roundabout	-	35
Wuk Wuk Bridget Mitchell River	-	161
Wy Yung Fishing Platforms	38	-
Youth Development	-	1
	1,155	1,395
Note 5		
Statutory Fees and Fines		
Infringements and Costs	295	304
Certificate Fees	84	89
Registration Fees	506	516
Licence / Permit Fees	428	521
	1,313	1,430
Note 6		
User Fees		
Leases/Rentals	1,692	1,316
Tipping Fee	2,398	1,948
User Fees	2,463	2,082
Total User Charges and Fines	6,553	5,346
Note 7		
Other Income		
Asset Valuation Movement (Investment Properties)	51	-
Other	133	128
Total Other Income	184	128
Note 8		
Employee Benefits		
Permanent staff	13,849	10,597
Fringe Benefits Tax	101	96
Casual/Trainee staff	2,164	1,841
Superannuation Contributions	5,380	1,984
Leave payments and accruals	2,994	2,120
Total Employee Benefits	24,488	16,638
<p>During the prior period (2010/11) Council was required to make and additional contribution to Vision Super of \$793,000 to meet our obligations to members of the defined benefit plan. During 2011/12, Council was required to recognise an additional \$3.8 million of contributions. The payment of the contribution is due on 1 July 2013.</p>		

Notes to the Financial Statements
For the Year Ended 30 June 2012

	2011/12 \$'000	2010/11 \$'000
Note 9		
Contract Payments		
Lump Sum Maintenance Contracts	11,227	12,430
Provisional Maintenance Contracts	4,826	2,618
Other Maintenance Contracts	7,012	5,144
Consultants/Legal Fees	1,452	1,078
Operating Leases	563	680
Application/System Software Licences	548	514
Total Contract Payments	25,628	22,464
Note 10		
Materials and Services		
Utilities	1,739	1,584
Stationery and Printing	242	167
Fuel and Oil	633	398
General Materials	2,506	1,588
Total Materials Expense	5,120	3,737
Note 11		
Depreciation and Amortisation Expense		
Buildings	2,772	1,931
Infrastructure	11,695	10,610
Plant and Equipment	945	1,153
Intangible Assets	161	96
Furniture and Fittings	133	122
Total Depreciation Expense	15,706	13,912
Note 12		
Contributions		
Grants, Contributions and Donations	1,115	5,640
Rate Rebate / Waiver Scheme	262	235
Total Contributions	1,377	5,875
Note 13		
Assets Written Off		
Land	-	-
Buildings	-	36
Infrastructure	193	352
Total Assets Written Off	193	388
Note 14		
Finance Costs		
Bank Fees	139	134
Interest on Borrowings	812	422
Total Borrowing Costs	951	556
Note 15		
Other Expenses		
<i>Other expenses for the year included:</i>		
Auditors Remuneration- Victorian Auditor General	41	40
Landfill Rehabilitation Present Value Adjustment	661	131
Registration, Membership and Licences	439	318
Insurance Premiums	704	759
Telephone and Communications	648	377
Postage and Courier	104	83
Advertising	252	280
Training, Seminars and Travel Costs	433	411
Mayor/Councillors	268	261
Landfill Liability (Refer note 24)	5,367	-

Notes to the Financial Statements
For the Year Ended 30 June 2012

Note 15	Other Expenses (continued)	2011/12 (\$'000)	2010/11 (\$'000)
	Refuse Disposal	627	511
	Government Waste Levy	740	442
	Decrease in fair value for Investment Properties (Refer note 21)	-	3
	Other	529	385
	Total Other Expenses	10,813	4,001
Note 16	Net Gain/(Loss) on Sale of Non-Current Assets		
	Properties disposed of:		
	Proceeds from sale of Land	78	217
	Less Cost of Land Sold	(97)	(12)
	Total Net Gain/(Loss) on Sale of Properties	(19)	205
	Non Current Assets Disposed of:		
	Proceeds from Sale of Vehicles	126	170
	Less Written Down Value of Vehicles Sold	(152)	(168)
	Total Net Gain/(Loss) on Sale of Non Current Assets	(26)	2
	Total Net Gain/(Loss) on Sale of Assets	(45)	207
Note 17	Cash And Cash Equivalents		
	Cash on Hand and Cashier Advances	12	11
	Cash at Bank	742	1,482
	Term Deposits	29,910	27,420
	Total Cash Assets	30,664	28,913
	Cash at bank is available on demand.		
	Users of the financial report should refer to Note 29 for details of restrictions on cash assets and note 31 for details of existing Council commitments.		
Note 18	Receivables		
	Current		
	General	1,804	2,649
	Rates	1,870	1,535
	Pensioner Rebates	4	7
	Infringements	193	183
	Private Street Schemes	193	600
	Other	447	297
	GST Refundable	503	402
	Less Allowance for Doubtful Debts	(298)	(167)
	Total Current Receivables	4,716	5,506
	Non-Current		
	Private Street Schemes	4,297	4,497
	Total Non-Current Receivable	4,297	4,497

The interest rate charged on overdue rates debtors is 10.50%. This rate is determined by the *Penalty Interest Rates Act 1983* (2010/11 10.50%). The interest applied to Private Street Scheme debtors during the year was 9.5% (2010/11 9.50%). The Interest rate applied to the Tambo Bluff Special Charge Scheme is 9.66%. (2010/11 9.66%)

Notes to the Financial Statements
For the Year Ended 30 June 2012

		2011/12	2010/11
		(\$'000)	(\$'000)
Note 19	Other Current Assets		
	Accrued Interest	304	269
	Prepayments	249	344
	Other Accrued Income	215	607
	Total Other Current Assets	768	1,220
Note 20	Property, Infrastructure, Equipment, Furniture and Fittings		
	Land at fair value	87,196	87,237
	Land at cost	875	313
	Land Under Roads at deemed cost	1,353	941
	Total Land	89,424	88,491
	Buildings at fair value	131,689	130,820
	Buildings at cost	10,921	9,459
	Less Accumulated Depreciation	(73,602)	(69,877)
	Total Buildings	69,008	70,402
	Infrastructure Assets at fair value	735,340	639,944
	Infrastructure Assets at cost	19,807	39,735
	Less Accumulated Depreciation	(213,973)	(203,153)
	Total Infrastructure	541,174	476,526
	Equipment at cost	17,252	13,923
	Less Accumulated Depreciation	(8,823)	(7,955)
	Total Equipment	8,429	5,968
	Furniture/Fittings at cost	2,597	1,963
	Less Accumulated Depreciation	(1,564)	(1,432)
	Total Furniture/Fittings	1,033	531
	Works in Progress	22,000	21,771
	Total Property, Infrastructure, Equipment, Furniture and Fittings	731,068	663,689

Land under roads is valued at deemed cost. Deemed cost is based on acquisitions or contributed 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.

Refer to Note 1(e) for recognition, capitalisation and valuation details for non-current assets.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 20 Property, Infrastructure, Equipment, Furniture and Fittings (continued)

Reconciliations of the carrying amounts of each class of non current assets at the beginning and end of the current financial year are set out below:

2011/12	Land (\$'000)	Buildings (\$'000)	Infrastructure (\$'000)	Equipment (\$'000)	Furniture and Fittings (\$'000)	Total (\$'000)
Carrying Amount at Beginning of Year	88,491	70,402	476,526	5,968	531	641,918
Additions	756	1,462	18,166	3,559	635	24,578
Disposals	(97)	(83)	(109)	(153)	-	(442)
Asset Revaluation Increment	-	-	66,685	-	-	66,685
Asset Impairment Decrement	-	-	(10,038)	-	-	(10,038)
Contributed Assets	274	-	1,639	-	-	1,913
Transfers	-	-	-	-	-	-
Depreciation Expense	-	(2,773)	(11,695)	(945)	(133)	(15,546)
<i>Carrying Value at End of Year</i>	89,424	69,008	541,174	8,429	1,033	709,068

Works In Progress (WIP) 01/07/11
Works In Progress Expenditure
WIP Capitalised and/or Expensed*
Works In Progress 30/06/12

21,771
23,429
(23,200)
22,000

2010/11	Land (\$'000)	Buildings (\$'000)	Infrastructure (\$'000)	Equipment (\$'000)	Furniture and Fittings (\$'000)	Total (\$'000)
Carrying Amount at Beginning of Year – Previously Reported	80,853	43,700	476,724	5,218	558	607,053
Additions	313	9,459	8,644	2,072	95	20,583
Disposals	(12)	(39)	(350)	(169)	-	(570)
Asset Revaluation Increment	7,010	1,877	-	-	-	8,887
Asset Revaluation Decrement	-	-	(171)	-	-	(171)
Contributed Assets	327	-	2,289	-	-	2,616
Transfers	-	-	-	-	-	-
Depreciation Expense	-	(1,931)	(10,610)	(1,153)	(122)	(13,816)
Carrying Value at End of Year Previously Reported	88,491	53,066	476,526	5,968	531	624,582
Prior year adjustment *	-	17,336	-	-	-	17,336
<i>Carrying Value at End of Year Restated</i>	88,491	70,402	476,526	5,968	531	641,918

Works In Progress (WIP) 01/07/10
Works In Progress Expenditure
WIP Capitalised and/or Expensed
Works In Progress 30/06/11

22,030
25,180
(25,439)
21,771

* Refer to Note 1(E) for further explanation.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 21	Investment Properties	2011/12 \$'000	2010/11 \$'000
	Balance at Beginning of Financial Year	1,574	1,577
	Acquisitions	-	-
	Disposals	-	-
	Fair value adjustments (Refer Notes 7 and 15)	51	(3)
	Balance at End of Financial Year	1,625	1,574

Valuation of investment property has been determined in accordance with an independent valuation by Craig McMillan, Certified Practising Valuer (No. 2206) A.A.P.I., B.B.U.S. (PROP) of Heron Todd White who has recent experience in the location and category of the property being valued and the Councils Asset Management Business Unit.

Note 22	Intangible Assets		
	Software	1,567	1,532
	Less Software Amortisation	(1,540)	(1,379)
	Total Intangible Assets	27	153

Note 23	Payables		
	Current Payables		
	Trade Creditors	4,631	3,423
	Refundable Deposits	522	676
	Funds Held in Trust	3	3
	Accrued Expenses	2,696	2,174
	Other	328	463
	Total Current Payables	8,180	6,739
	Non-Current Payables		
	Unfunded Superannuation	3,765	-
	Total Non-Current Payables	3,765	-

Note 24	Provisions					
	2011/12	Balance at Start	Additional Provisions	Amounts Used	Movements in Discount	Balance at End
		\$'000	\$'000	\$'000	\$'000	\$'000
	Annual Leave	1,317	1,204	(1,036)	115	1,600
	Long Service Leave	1,918	436	(265)	473	2,562
	Landfill Restoration	2,254	8,078	-	661	10,993
	Vegetation Offset	123	109	(24)	-	208
		5,612	9,827	(1,325)	1,249	15,363
	2010/11	Balance at Start	Additional Provisions	Amounts Used	Movements in Discount	Balance at End
		\$'000	\$'000	\$'000	\$'000	\$'000
	Annual Leave	1,043	961	(924)	237	1,317
	Long Service Leave	1,810	332	(158)	(66)	1,918
	Landfill Restoration	2,123	-	-	131	2,254
	Vegetation Offset	-	123	-	-	123
		4,976	1,416	(1,082)	302	5,612

Notes to the Financial Statements
For the Year Ended 30 June 2012

Note 24	Provisions (continued)	2011/12 (\$'000)	2010/11 (\$'000)
	(a) Employee Benefits		
	Current		
	Annual Leave:		
	- Short term benefits at nominal value	1,441	1,173
	- Long term benefits at present value	159	144
	Total Annual Leave	1,600	1,317
	Long Service Leave		
	- Short term benefit at nominal value	256	192
	- Long term benefits at present value	1763	1,111
	Total Long Service Leave	2,019	1,303
	Non-current		
	Long Service Leave at Present Value	542	615
	Aggregate Carrying Amount of Employee Benefits		
	Current	3,619	2,620
	Non-Current	543	615
		4,162	3,236
	The following assumptions were adopted in measuring the present value of long service leave:		
	Weighted Average Increase in Employee Costs	4.00%	4.00%
	Weighted Average Discount Rates	3.06%	5.20%
	Weighted Average Settlement Period	20	20
	(b) Other Provisions		
	Non-Current		
	Landfill Rehabilitation and Aftercare Provision	10,993	2,254
	- Vegetation Offset	208	123
	Total Non-Current Other Provisions	11,201	2,377
	Provisions		
	Total Current	3,619	2,620
	Total Non Current	11,744	2,992
	Total Provisions	15,363	5,612

The Environmental Protection Agency (EPA) requires occupiers of licensed landfill sites to provide financial assurance for remedial action, rehabilitation and aftercare costs to ensure that the costs and liabilities of land filling are accounted for. Council has provided financial assurance to the EPA that it has provided for landfill rehabilitation and aftercare liabilities based upon the Net Present Value of the estimated future costs of rehabilitation and aftercare. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard and to provide aftercare for the required period after closure of the site. In addition Council has provided to the EPA a bank guarantee in their favour of \$1.3M to meet their remedial action financial assurance requirement for licensed sites.

During 2011/12 Council has reviewed its provisions for landfill rehabilitation and significantly increased its provisions as a result. This is due to Council now being able to reliably measure the expected cost of rehabilitation of specific landfill sites due to these rehabilitation projects being advanced to a stage such that they are now represented in Council's budgeted works program.

Notes to the Financial Statements
For the Year Ended 30 June 2012

Note 25	Interest-Bearing Liabilities	2011/12 \$'000	2010/11 \$'000
	Current		
	Borrowings – Secured	1,299	659
	Total Current Borrowings	<u>1,299</u>	<u>659</u>
	Non-Current		
	Borrowings – Secured	8,471	8,969
	Total Non-Current Borrowings	<u>8,471</u>	<u>8,969</u>
	Total Interest Bearing Liabilities	<u><u>9,770</u></u>	<u><u>9,628</u></u>
	The maturity profile for Council's borrowings is:		
	Not later than one year	1,299	659
	Later than one year but not later than five years	3,971	4,120
	Later than five years	4,500	4,849
		<u>9,770</u>	<u>9,628</u>

Borrowings are secured by charges over the revenue raising capacity of Council, being the raising of rates and charges and special rates.

The following weighted interest rate percentage is applicable to borrowings. Interest rates applicable to borrowings are fixed for the term of the borrowing.

Borrowings, Weighted Average Cost of Capital	<u>8.25%</u>	<u>8.06%</u>
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Note 26 Reserves

(a) Asset Revaluation Reserves

The purpose of these reserves is to credit increases in the carrying amounts of non-current assets arising from a revaluation of such assets. Where assets decrease in value, the amount can be debited to the reserve provided that it offsets a previous upwards revaluation, otherwise the decrease must be recognised as an expense in the comprehensive income statement.

2011/12	Balance at Beginning of Reporting Period (\$'000)	Increment (Decrement) (\$'000)	Balance at End of Reporting Period (\$'000)
Land *	60,337	(73)	60,264
Buildings	42,242	-	42,242
Infrastructure	296,831	56,645	353,476
Total Asset Revaluation Reserves	<u>399,410</u>	<u>56,572</u>	<u>455,982</u>
2010/11	Balance at Beginning of Reporting Period (\$'000)	Increment (Decrement) (\$'000)	Balance at End of Reporting Period (\$'000)
Land	53,327	7,010	60,337
Buildings	23,029	19,213	42,242
Infrastructure	297,002	(171)	296,831
Total Asset Revaluation Reserves	<u>373,358</u>	<u>26,052</u>	<u>399,410</u>

* This movement adjusts the duplication of a small number of land assets from 2010/11.

Notes to the Financial Statements
For the Year Ended 30 June 2012

Note 26 Reserves (continued)

(b) Non-Discretionary Reserve

Transfer to reserves equates to income received for specific purposes as detailed. Transfer from reserves equates to operational or capital expenditure incurred for specific purposes where reserves have been held.

2011/12	Balance at Start (\$'000)	Transfer To (\$'000)	Transfer From (\$'000)	Balance at End (\$'000)
Car Parking	193	-	-	193
Recreational Land	1,005	71	-	1,076
Road Upgrading	32	-	-	32
Total Non-Discretionary Reserve	1,230	71	-	1,301

2010/11	Balance at Start (\$'000)	Transfer To (\$'000)	Transfer From (\$'000)	Balance at End (\$'000)
Car Parking	193	-	-	193
Recreational Land	985	20	-	1,005
Road Upgrading	32	-	-	32
Total Non-Discretionary Reserve	1,210	20	-	1,230

Note 27 Reconciliation of result from Ordinary Activities with Net Cash from Operations

	2011/12 (\$'000)	2010/11 (\$'000)
Surplus (Deficit) from Ordinary Activities	(4,977)	6,327
Depreciation	15,706	13,912
Other	661	131
Income on Contributed Assets	(1,913)	(2,615)
(Gain) / Loss on Sale of Fixed Assets	45	(207)
Loss on Assets Written Off	142	388
Movements in:		
- Accounts Receivable	2,400	285
- Accounts Payable	7,860	1,683
- Other Current Assets	(101)	383
- Employee Benefits	4,800	129
Net Cash Provided by Operating Activities	24,623	20,416

Note 28 Reconciliation of Cash and Cash Equivalents

	2011/12 (\$'000)	2010/11 (\$'000)
Cash On Hand and at Bank	754	1,153
Term Deposits	29,910	27,760
Cash and Term Deposits at end of year	30,664	28,913

Refer to Note 29, which details restricted cash holdings.

Bank Overdraft Facility

Unused Facilities	1,500	1,500
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**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 29

Restricted Assets

The following restrictions have been imposed by regulation or other externally imposed requirements

Current

	2011/12 (\$'000)	2010/11 (\$'000)
Cash - Long Service Leave (i)	-	2,001
Cash - Recreational Land (ii)	1,076	1,005
Cash - Car Parking	193	193
Cash - Road Upgrading	32	32
Funds held in Trust	3	3
Total Current External Restricted Assets	1,304	3,234

Non-Current

Land - Aerodrome (iii)	1,010	1,690
Total Non-Current Restricted Assets	1,010	1,690

- (i) Funds were formally required in accordance with the long service leave provisions of the Local Government (Long Service Leave) Regulations 2002.
- (ii) Funds required to be used in accordance with the recreational land provisions of the Subdivision Act 1988.
- (iii) Land held by Council at Bairnsdale, Mallacoota and Marlo for which a covenant exists ensuring that the land continues to be operated as an Aerodrome.

Note 30

Superannuation

East Gippsland Shire Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). Obligations for contributions are recognised as an expense in profit and loss when they are due. The Fund has two categories of membership, each of which is funded differently.

The Fund's accumulation category, 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 in accordance with the Superannuation Guarantee Legislation (9% in 2011/2012). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Plan

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119, Council does not use defined benefit accounting for these contributions.

East Gippsland Shire Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Fund's Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, East Gippsland Shire Council makes the following contributions:

- 9.25% of members' salaries (same as previous year);
- The difference between resignation and retrenchment benefits paid to any retrenched employees, plus contribution tax (same as previous year).

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 30 Superannuation (continued)

Fund Surplus or Deficit (i.e. calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in a Council's financial statements. AAS25 requires that the present value of the benefit liability, which is calculated in respect of membership completed at the calculation date, makes no allowance for future benefits that may accrue.

Following an actuarial review conducted by the trustee in early 2012, as at 31 December 2011, a shortfall of \$406 million (net of Contributions Tax) for the fund was determined. This has resulted on the Council receiving a call for \$3.77 million (including Contributions Tax) which is due to be paid on 1 July 2013.

A further actuarial review will be undertaken not later than 31 December 2014. This will review the funds financial health and determine whether any further contributions will be required by Council.

Accounting Standard Disclosure

The Fund's liability for accrued benefits was determined by the Actuary as at 31 December 2011 pursuant to the requirements of Australian Accounting Standard AAS25 follows:

	31 December 2011 (\$'000)
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	(326,809)
Vested Benefits	4,838,503

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Details of contributions to superannuation funds during the year and contributions payable at 30 June 2012:

	2011/12 (\$'000)	2010/11 (\$'000)
Defined Benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,010	939
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	3,765	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super) at reporting date	1,369	1,113
Employer contributions to other Superannuation funds	230	201
Employer contributions payable to Local Authorities Superannuation fund (visions Super) at reporting date	-	-
Employer contributions payable to other superannuation funds	-	-

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 31	Commitments for Capital and Other Expenditure	2011/12 (\$'000)	2010/11 (\$'000)
	At reporting date, Council had entered into contracts for the following capital and other expenditures. (These obligations are not recognised as liabilities):		
	Service Contracts		
	Cleaning	3,099	4,011
	Ferry Operation/Maintenance	1,377	1,721
	Road Infrastructure Maintenance	30,743	2,323
	Parks and Gardens Maintenance	-	225
	Waste Management	19,830	19,018
	Other Service Contracts	796	954
	Capital Works Contracts		
	Road Infrastructure	2,253	3,954
	Building Infrastructure	90	-
	Other works	995	-
	Total Commitments	59,183	32,206
	Expenditure due for payment not later than one (1) year	14,081	12,498
	Expenditure due for payment later than one (1) year and not later than two (2) years	10,377	3,918
	Expenditure due for payment later than two (2) years and not later than five (5) years	23,382	6,404
	Expenditure due for payment later than five (5) years	11,343	9,386
		59,183	32,206

Note 32 **Operating Leases**

(a) Operating Lease Commitments

At the reporting date, Council had the following obligations under non-cancellable operating leases. (These obligations are not recognised as liabilities):

- Not later than one year - computer equipment and photocopiers	103	116
- Not later than one year - property	209	203
- Not later than one year – vehicles	9	3
- Later than one year and not later than five years – computer, photocopiers	29	131
- Later than one year and not later than five years property	387	416
- Later than one year and not later than five years – vehicles	4	-
- Later than five years – property	532	616
	1,273	1,485

(b) Operating Lease Receivables

Council has entered into commercial leases for a number of Council properties as well as the lease of some of its Caravan Parks. These leases have remaining non-cancellable terms of between 1 and 21 years.

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

- Not later than one year	414	370
- Later than one year and not later than five years	1,299	1,154
- Later than five years	2,666	2,727
	4,379	4,251

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 33 **Contingent Liabilities**

Council has provided loan guarantees for three (3) Community Organisations. Council's potential liability is limited to the balances disclosed below.

	2011/12 (\$'000)	2010/11 (\$'000)
Loan Guarantees		
Loan Guarantees have been provided for the following organisations:		
Bairnsdale Tennis Club	55	70
Wy Yung Recreation Reserve	-	1
Lucknow Recreation Reserve Management Committee	39	51
	<u>94</u>	<u>122</u>

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional future contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the increased volatility in financial markets, the likelihood of making such contributions in the future has increased. At this point of time it is not known if additional contributions will be required, their timing or potential amount.

Council operates landfills throughout the municipality. Certain sites, other than those already provided for, may require rehabilitation works in the future. At balance date, Council is unable to determine whether any further works will need to be undertaken or assess any financial implications of any future works. Council has provided the EPA with an unconditional bank guarantee for \$1.3 million that can be called upon if deemed necessary by the EPA.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 34 Financial Instruments

(a) Accounting Policy, Terms and Conditions

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets:			
Cash and Cash Equivalents	17	Cash on hand and at bank are valued at face value. Interest is recognised as it accrues. Investments are held to maximise interest returns on surplus cash.	On call deposits returned a rate of 4.35% (4.66% 2010/11) on average throughout the year. Funds weighted average return rate at balance date was 5.51% (5.88% 2010/11).
Other Debtors	18	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that impairment has occurred. This allowance is recognised when the collection in full is no longer probable. Collect ability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are usually 30-60 days.
Financial Liabilities:			
Payables	23	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date, whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest Bearing Liabilities	25	Loans are carried at their principal amounts that represent the net present values of the future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by mortgages over the general rates of Council. The weighted average interest rate 8.25% (8.22% 2010/11).

Notes to the Financial Statements
For the Year Ended 30 June 2012

Note 34 Financial Instruments (continued)

(b) Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

	Carrying Amount (\$'000)	Interest Rate Exposure			Not Past Due And Not Impaired (\$'000)	Past Due But Not Impaired			Impaired Financial Assets (\$'000)
		Fixed Interest Rate (\$'000)	Variable Interest Rate (\$'000)	Non Interest Bearing (\$'000)		1-3 Months (\$'000)	4-12 Months (\$'000)	More Than 1 Year (\$'000)	
2011/12									
Financial Assets									
Cash Assets	11	-	-	11	11	-	-	-	-
Other Financial Assets	30,652	29,994	658		30,652	-	-	-	-
Receivables	7,872	4,450	-	3,422	5,896	601	337	1,038	-
Total Financial Assets	38,535	34,444	658	3,433	36,559	601	337	1,038	-
Weighted Average Interest Rate 7.43%									
2010/11									
Financial Assets									
Cash Assets	11	-	-	11	11	-	-	-	-
Other Financial Assets	28,901	28,253	648		28,901	-	-	-	-
Receivables	4,188	-	-	4,188	2,850	719	619	-	-
Total Financial Assets	33,100	28,253	648	4,199	31,762	719	619	-	-
Weighted Average Interest Rate: 7.39%									

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 34 Financial Instruments (continued)

(c) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are as follows:

	Total Carrying Amount as per Statement of Financial Position		Aggregate Net Fair Value	
	2011/12 (\$'000)	2010/11 (\$'000)	2011/12 (\$'000)	2010/11 (\$'000)
Financial Assets				
Cash	11	11	11	11
Investments	30,651	28,901	30,651	28,901
Receivables – General	2,919	4,188	2,919	4,188
	33,581	33,100	33,581	33,100
Financial Liabilities				
Payables	8,274	4,564	8,274	4,564
Interest Bearing Liabilities	9,770	9,628	8,450	9,628
	18,044	14,192	16,724	14,192

(d) Credit Risk Exposures

The maximum credit risk exposure of the Council at the reporting date is the carrying amount of financial assets, net of the provision for doubtful debts.

(e) Risks and Mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below:

Market Risk

Market risk is the risk that the fair value or future cash flows of our instruments will fluctuate because of changes in market prices. 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. Components of market risk to which we are exposed are discussed below.

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. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominately short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates, which exposes us to a fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our debt portfolio by:

- Ensuring access to diverse sources of funding,
- Reducing risks of refinancing by managing in accordance with target maturity profiles; and
- Setting prudential limits on interest repayments as a percentage of rate revenue.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 34 Financial Instruments (continued)

We manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council each year.

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

- conformity with State and Federal regulations and standards,
- adequate safety,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on all financial assets included on our Statement of Financial Position. To help manage this risk:

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

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with Council's financial assets is minimised because the main debtor is the Victorian and Commonwealth Governments. Apart from the two levels of government, we do not have any significant credit risk exposure to a single customer or customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We may also be subject to credit risk for transactions, which are not included in the Statement of Financial Position, such as when we provide a guarantee for another party. Details of our contingent liabilities are discussed in Note 33.

Movement in Provisions for Doubtful Debts	2011/12 (\$'000)	2010/11 (\$'000)
Balance at the beginning of the year	167	392
New Provisions recognised during the year	94	-
Amounts already provided for and written off as uncollectible	37	111
Amounts provided for but recovered during the year	(3)	-
Balance at end of year	295	167

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 34 Financial Instruments (continued)

Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Receivables was:

Receivables	2011/12 (\$'000)	2010/11 (\$'000)
Current (not yet due)	7,037	8,205
Past due by up to 30 days	360	605
Past due between 31 and 120 days	241	158
Past due between 121 and 365 days	337	205
Past due by more than 1 year	1,038	830
Total Receivables	9,013	10,003

Ageing of individually impaired Receivables

At balance date, receivables representing financial assets with a nominal value of \$297,894 (2010/11 \$166,715) were impaired. The amount of the provision raised against these debtors was \$297,894 (2010/11 \$166,715). The individually impaired debtors related to general and sundry debtors and 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:

Impaired Receivables	2011/12 (\$'000)	2010/11 (\$'000)
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	15	7
Past due by more than 1 year	283	160
Total Receivables	298	167

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 34 Financial Instruments (continued)

Liquidity Risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- Council will not have sufficient funds to settle a transaction on the date,
- Council will be forced to sell financial assets at a value which is less than what they are worth; or
- Council may be unable to settle or recover a financial asset at all.

To help these risks Council:

- have a liquidity policy which targets a minimum level of cash and 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 loan repayments to revenue.

Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment risk.

	Carrying Amount (\$'000)	Interest Rate Exposure			Nominal Amount (\$'000)	Maturity Dates		
		Fixed Interest Rate (\$'000)	Variable Interest Rate (\$'000)	Non Interest Bearing (\$'000)		1-3 Months (\$'000)	4-12 Months (\$'000)	More Than 1 Year (\$'000)
2011/12								
Financial Liabilities								
Payables	8,274	-	-	8,274	8,274	8,274	-	-
Interest-Bearing Liabilities	<u>9,770</u>	<u>9,770</u>	-	-	<u>8,450</u>	<u>171</u>	<u>1,564</u>	<u>6,715</u>
Total Financial Liabilities	18,044	9,770	-	8,274	16,724	8,445	1,564	6,715
Weighted Average Interest Rate: 6.05%								
2010/11								
Financial Liabilities								
Payables	4,563	-	-	4,563	4,563	4,563	-	-
Interest-Bearing Liabilities	<u>9,628</u>	<u>9,628</u>	-	-	<u>6,891</u>	<u>161</u>	<u>498</u>	<u>6,232</u>
Total Financial Liabilities	14,191	9,628	-	4,563	11,454	4,724	498	6,232
Weighted Average Interest Rate:4.07%								

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 34 Financial Instruments (continued)

(f) Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, Council believes the following movements are "reasonably possible" over the next twelve months (Base rates are sourced from the National Australia Bank):

A parallel shift of +2% and -1% in market rate (AUD) from year-end rates of 3.50% (2010/11 4.1%)

The table below discloses the impact of net operating result and equity for each category of financial instruments held by Council at year-end, if the above movements were to occur.

Market Risk Exposure	Carrying Amount Subject to Variable Interest (\$'000)	-1% (100 Basis Points)		+2% (200 Basis Points)	
		Profit (\$'000)	Equity (\$'000)	Profit (\$'000)	Equity (\$'000)
2011/12					
Financial Assets					
Investments	658	(7)	(7)	14	14
2010/11					
Financial Assets					
Investments	648	(6)	(6)	12	12

Note 35 Auditors Remuneration

	2011/12 (\$'000)	2010/11 (\$'000)
Audit Fee to Conduct External Audit – Victorian Auditor-General	41	40
Internal Audit Fees	34	19
Other Audit Fees	2	1
Total Auditors Remuneration	77	60

Note 36 Events Occurring after Balance Date

Council is not aware of any events impacting on the financial statements after the balance date.

Notes to the Financial Statements
For the Year Ended 30 June 2012

Note 37 Related Party Transactions

a) Names of persons holding the position of a Responsible Person at East Gippsland Shire Council during the reporting period are:

Councillor Richard Ellis*
Councillor Michael Freshwater **
Councillor William Gamble
Councillor Peter Neal
Councillor Marianne Pelz
Councillor Jane Rowe
Councillor Trudy Anderson
Councillor Ben Buckley
Councillor Meredith Urie
Chief Executive: Steve Kozlowski

* Mayor (7 December 2010 to 30 June 2012)

** Mayor (1 July 2010 to 7 December 2010)

	2011/12 No.	2010/11 No.
b) Remuneration of Responsible Persons in Bands of \$10,000		
Income Range \$		
20,001 - 30,000	8	7
40,001 - 50,000	-	1
50,001 - 60,000	-	1
70,001 - 80,000	1	-
260,001 - 270,000	1	1
Total	10	10

Total remuneration for the reporting period of responsible Officers included above amounted to:

\$531,000 \$521,000

Seniors Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$127,000 (2010/11 \$124,000).

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

Income Range \$	No.	No.
160,001 – 170,000	4	4
170,001 – 180,000	1	1
Total	5	5

Total remuneration for the reporting period of Senior Officers included above amounted to:

\$829,000 \$830,000

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 37 Related Party Transactions (continued)

- a) *No benefits have been paid in connection with retirement of Responsible Persons.*
- b) *No loans have been made, guaranteed or secured by Council to a Responsible person of Council during the reporting period.*
- c) *Other Transactions*
1. *Gamcorp Pty Ltd*
Councillor Bill Gamble is also a director for Gamcorp Pty Ltd. For the year ended 30 June 2012, Council paid \$69,900 to Gamcorp (2010/11 \$490) on normal commercial terms and conditions.
 2. *Benambra Co/Op Store*
Councillor Ben Buckley is also a director of the Benambra Co/OP Store. For the year ended 30 June 2012, Council paid \$9,808 to the store (2010/11 \$5,976) on normal commercial terms and conditions.
 3. *East Gippsland Water*
Councillor Jane Rowe was (until 30 September 2011) also a Board Member for East Gippsland Water. For the year ended 30 June 2012, Council paid \$1,686,923 to the Corporation (2010/11 \$473,953) on normal commercial terms and conditions.
 4. *Gippsland Ports*
Councillor Richard Ellis is a Board Member (Sub-director Rural) for Gippsland Ports. For the year ended 30 June 2012, Council paid \$15,784 to the Gippsland Ports (2010/11 \$6,305) on normal commercial terms and conditions.
 5. *R Pelz Haulage*
Councillor Marianne Pelz is a part owner of R Pelz Haulage. For the year ended 30 June 2012, Council paid \$16,660 to the Haulage company (2010/11 \$24,345) on normal commercial terms and conditions.
 6. *National Sea Change Taskforce*
Councillor Meredith Urie a member of the National Sea Change Taskforce For the year ended 30 June 2012, Council paid \$5,500 to the taskforce (2010/11 \$13,557) on normal commercial terms and conditions.

Notes to the Financial Statements
For the Year Ended 30 June 2012

Note 38 Revenues, Expenses and Assets by Functions/Activity

(a) Expenses and revenues have been attributed to the following functions/activities, descriptions of which are set out in Note 38(b). The income and expenses in the comparative year have been reclassified to facilitate comparability.

	2011/12	2010/11
Office of the CEO		
Revenues		
- Grants	-	30
- Other	<u>2</u>	<u>2</u>
Total Revenues	2	32
Expenses	488	712
Surplus (Deficit) for the year	(486)	(680)

Corporate		
Revenues		
- Capital	5,398	4,453
- Grants	17,232	13,121
- Other	<u>38,374</u>	<u>38,622</u>
Total Revenues	61,004	56,196
Expenses	11,615	11,377
Surplus (Deficit) for the year	49,389	44,819

Planning and Community		
Revenues		
- Grants	1,545	1,848
- Other	<u>358</u>	<u>253</u>
Total Revenues	1,903	2,101
Expenses	7,878	6,852
Surplus (Deficit) for the year	(5,975)	(4,751)

Operations		
Revenues		
- Grants	146	355
- Other	<u>3,731</u>	<u>4,793</u>
Total Revenues	3,877	5,148
Expenses	33,005	28,619
Surplus (Deficit) for the year	(29,128)	(23,471)

Notes to the Financial Statements
For the Year Ended 30 June 2012

Note 38 Revenues, Expenses and Assets by Functions/Activity (continued)

	2011/12	2010/11
Services		
Revenues		
- Grants	29	7
- Other	<u>11,673</u>	<u>10,356</u>
Total Revenues	11,702	10,363
Expenses	25,608	17,008
Surplus (Deficit) for the year	(13,906)	(6,645)

Development		
Revenues		
- Grants	1,047	280
- Other	<u>956</u>	<u>933</u>
Total Revenues	2,003	1,213
Expenses	6,874	4,157
Surplus (Deficit) for the year	(4,871)	(2,944)

Total Organisation		
Revenues		
- Capital	5,398	4,453
- Grants	19,999	15,641
- Other	<u>55,094</u>	<u>54,959</u>
Total Revenues	80,491	75,053
Expenses	85,468	68,726
Surplus (Deficit) for the year	(4,977)	6,327

(b) The activities of Council are categorised into the following broad functions:

Office of the CEO - the day to day management of the Council's operations in accordance with the Council Plan and advocacy.

Corporate – Corporate Communications and Strategy, Governance, Finance, Human Resources, Property Management, Contracts/Procurement.

Development – Asset Management, Development, Capital Projects, Major Planning Projects and Economic Development/Tourism.

Operations – Asset Maintenance, Building Maintenance Fleet Management Health and Community Laws.

Planning and Community – Strategic Planning, Sustainability, Arts and Culture, Community Planning Programs and Partnerships, Libraries/Business Centres and Emergency Management.

Services – Information Technology, Corporate Records, Commercial Businesses and Waste Services.

Council's financial systems do not enable the allocation of total assets between functions/activities.

**Notes to the Financial Statements
For the Year Ended 30 June 2012**

Note 39	Financial Ratios	2011/12	2010/11	2009/10
	Debt Servicing Ratio			
	Debt servicing costs refer to the payment of interest on loan borrowings, finance lease interest and bank overdraft. The ratio expresses the amount of interest paid as a percentage of Council's total revenue (excluding contributed assets).	1.0%	0.6%	0.3%
	Debt Commitment Ratio			
	(to identify Council's debt redemption policy)			
	This strategy involves the payment of loan principal and interest, finance lease principal and interest. The ratio expresses the percentage of the rate revenue utilised to pay interest and redeem principal.	3.7%	3.5%	4.9%
	Total Revenue Ratio			
	The level of Council's reliance on rate revenue is determined by assessing rate revenue expressed as a percentage proportion of the total revenue of Council (excluding contributed assets).	49.1%	48.9%	41.8%
	Working Capital Ratio			
	The ratio expresses the level of current assets the Council has available to meet its current liabilities.	2.76:1	3.56:1	3.64:1
	Adjusted Working Capital Ratio			
	The ratio expresses the level of current assets the Council has available to meet its current liabilities.	3.19:1	4.00:1	4.19:1
	Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.			
	Debt Exposure Ratio			
	This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to total liabilities of Council. Total realisable assets are those assets, which are not subject to any restriction and are able to be realised. This excludes roads infrastructure including bridges and controlled but not owned land and associated buildings. The ratio expresses the multiple of total liabilities for each dollar of realisable assets. Realisable assets are those that can be sold and are not subject to any restriction on realisation or use.	0.17:1	0.11:1	0.09:1

Notes to the Financial Statements
For the Year Ended 30 June 2012

Note 40 **Special Committees and Other Activities**

Other Entities

Operations Not Controlled by Council

Pre-Schools

Pre-schools operate from Council owned land and buildings. Council provides grants and can obtain financial information on request.

These operations are not considered as forming part of the reporting entity on the basis that Council does not have the capacity to control these operations. However, the land and buildings are included in the Statement of Financial Position (under non-current assets) and the depreciation charges are included in the Income Statement.

Special Committees

Special Committees of Council include sporting, recreational and foreshore committees. Council does not have the capacity to control these operations, however the land and buildings are included in the Statement of Financial Position (under non-current assets) and the depreciation charges are included in the Comprehensive Income Statement.

**EAST GIPPSLAND SHIRE COUNCIL
FINANCIAL STATEMENTS CERTIFICATION
FOR THE YEAR ENDED 30 JUNE 2012**

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the Local Government (Finance and Reporting) Regulations 2004, Australian Accounting Standards and other mandatory professional reporting requirements.

Principal Accounting Officer B.Bus(Acc) MBA CPA FLGpro

Andrew Wright



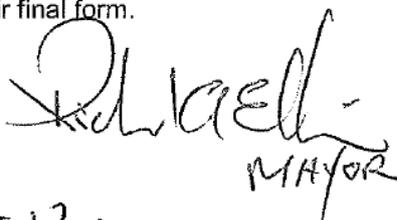
Date 21/9/12

In our opinion the accompanying financial statements present fairly the financial transactions of the **East Gippsland Shire Council** for the year ended 30 June 2012 and the financial position of the Council as of that date.

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

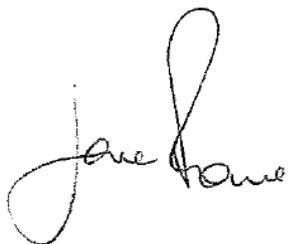
We have been authorised by the Council on the 11th of September 2012 to certify the financial statements in their final form.

Cr Richard Ellis


MAYOR

Date 21-9-12

Cr Jane Rowe



Date 21.9.12

Chief Executive Officer

Steve Kozlowski



Date

21.9.2012

East Gippsland Shire Council Comparison Report
Standard Income Statement
As At 30 June 2012

	Budget 2011/12 (\$'000)	Variance		Ref	Actual 2011/12 (\$'000)
		(\$'000)	%		
Revenue					
Rates and Charges	39,234	211	0.5%		39,445
Recurrent Grants	14,287	7,443	52.1%	1	21,730
Capital Grants and Contributions	14,422	(10,755)	(74.6%)	2	3,667
Statutory Fees and Fines	1,372	(59)	(4.3%)		1,313
User fees	8,395	445	5.3%		8,840
Interest	1,360	709	52.1%	3	2,069
Contributions and Reimbursements	2,324	(1,224)	(52.7%)	4	1,100
Other Revenue	57	155	271.9%	5	212
Total Revenue	81,451	(3,075)			78,376
Expenses					
Employee Benefits	18,494	5,785	31.3%	6	24,279
External Contracts	21,456	5,933	27.7%	7	27,389
Materials and Utilities	3,854	1,266	32.8%	8	5,120
Depreciation	14,736	970	6.6%		15,706
Contributions and Donations	4,603	(3,226)	(70.1%)	9	1,377
Assets Written Off	-	193	n/a	10	193
Finance costs	1,069	543	50.8%	11	1,612
Other Expenses	4,733	4,811	101.6%	12	9,544
Total Expenses	68,945	16,275			85,220
Net gain/(loss) on sale of property, infrastructure, plant and Equipment.	-	(45)	n/a		(45)
Granted Assets	3,000	(1,088)	(36.3%)	13	1,912
Surplus (Deficit) for the Year	15,506	(20,483)			(4,977)
Other Comprehensive Income					
Increase in asset valuations	0	56,572	n/a	14	56,572
Total Comprehensive Income	15,506	36,089			51,595

East Gippsland Shire Council Comparison Report
Standard Income Statement
As At 30 June 2012

Variance Explanation Report

Ref.	Item	Commentary
1	Grants Recurrent -	Council's recurrent grant increase above budget is primarily due to receiving a number of unexpected and unbudgeted grants during the year. The more significant unbudgeted grants received during this period were \$382,000 for the Advancing Country Towns program, \$880,000 to auspice the Great Coastal Walks program and Council received more funds from the Victorian Grants Commission than originally budgeted (\$3.863 million) due to the prepayment of fifty percent of the 2012/13 Federal Assistance Grant in advance. Council has also reclassified Roads to recovery grants into the recurrent grants category, resulting in \$1.7 million of additional unbudgeted income. There were a number of smaller grants that were also unbudgeted and received by the Council that have not been listed.
2	Capital Grants and Contributions	The decrease in budgeted income from Capital Grants and Contributions is mainly due to the delay or deferral of grant funds. The main contributors relate to the expected grant for boat ramp at Bastion Point (\$6.2 million), and \$1.6 million for the Bairnsdale Aerodrome Upgrade Construction. Roads to Recovery income was also moved from this category to grants recurrent, \$2.4 million was budgeted for the grant in this category. There were a number of smaller grants that were also budgeted but were not received during the Financial year.
3	Interest	The increase in interest is due to higher than budgeted cash in the bank, caused by a delay in capital works expenditure which was perpetuated by delays in the delivery of major capital works programs and the higher than forecast up front payout of the Tambo Bluff Special Charge Scheme by scheme participants. This increase was offset by lower than forecast interest on the Special Charge Scheme The Council has also benefited from higher than expected interest rates.
4	Contributions and Reimbursements	The shortfall in the budget is mainly due the revision of the budgeted contributions to the Special Charge Scheme by other scheme contraction partners to the Special Charge Scheme, resulting in the deferral of income until the 2012/13 financial year (\$1.78 million). This has been offset in part by unbudgeted natural disaster income of \$217,000, which was received during the 2011/12 financial year.
5	Other Revenue	The higher than budgeted income for miscellaneous income is mainly due to increase in value of Councils investment properties during the financial year. Council also received \$79,000 of additional unbudgeted miscellaneous income during the 2011/12 financial year.
6	Employee Benefits	The increase in employee benefits is mainly due to Council having to contribute \$3.8 million to the shortfall in the Vision Defined Benefits Superannuation fund and increases in leave allowances due to changes in the recognition of Long Service Leave and significantly lower discount rates used to calculated the present value of the liability.
7	External	The increase in external contracts expenditure has been caused

East Gippsland Shire Council Comparison Report
Standard Income Statement
As At 30 June 2012

Variance Explanation Report

Ref.	Item	Commentary
	Contracts	by a number of factors. One of the main contributors to the higher than budgeted expenditure relates to \$3.2 million spent on natural disaster recovery from the August 2011, March 2012 and June 2012 natural disaster events. Additionally, Council received additional unbudgeted grant funds or contributions during the year for which additional expenditure has been incurred. This includes \$880,000 for Great Coastal Walks, as well as a number of smaller grants. There were a number of over expenditures in relation to infrastructure maintenance as a result of a particularly wet year (\$424,000). Additionally, Council expensed \$754,000 of projects that are not able to be capitalised.
8	Materials and Utilities	The variance in the costs relating to Materials and Utilities are a result of a number of factors. During the year, Council determined that it would take over the operations of Eagle Point Caravan Park, resulting in a variance of \$140,000 in materials, increased water costs due to leaks at Orbost and Bairnsdale outdoor pools (\$60,000), the under budgeting for increasing utility costs (\$287,000) and the expensing of \$633,000 of projects that are not able to be capitalised.
9	Contributions and Donations	The decrease in this expenditure is due to the lower than budgeted expenditure on assets not owned or controlled by Council. The reduction in the expenditure on these assets is \$3.5 million less than budgeted due to the works being completed earlier than originally budgeted, resulting in the expense being incurred in the 2010/11 financial year.
10	Assets Written Off	During the year, Council reviewed its land and building assets. During the review, it became apparent that the service capacity of a number of assets had declined and needed to be written off. This was not considered when formulating the budget for 2011/12
11	Finance Costs	The variance in costs is mainly due to the \$540,000 increase in interest on the Council's landfill liability. The size of the increase has been influenced by the significant reduction in the present value discount rates for 2011/12.
12	Other Expenses	The variance in this expense category is mainly due to the \$5.4 million dollar increase in the landfill liability. This has resulted from the need to recognise the liability at the estimated cost of rehabilitating existing and legacy landfills within the Council area.
13	Granted Assets	Council estimated that \$3.0 million of granted assets would be transferred into Councils control during the 2011/12 financial year. During the year, Council has only received \$1.9 million of granted assets, resulting in a \$1.1 million shortfall in this income category.
14	Increase in Asset Valuations	The increase in the reserve is due mainly due to the need to revalue infrastructure assets as a result of an estimated increase in the Building and Construction index in excess of ten percent since the asset category's revaluation three years ago. Although shown on the Statement of Comprehensive Income, this is not a cash item and should not be used to measure Councils Operating surplus or deficit.

East Gippsland Shire Council Comparison Report
Standard Income Statement
As At 30 June 2012

Commentary on the Standard Income Statement for the Annual Report

The Standard Income Statement for the Annual Report shows what has happened during the year in terms of revenue, expenses and other adjustments from all activities. The 'Total Changes in Equity' or 'bottom line' shows the total difference between the financial position at the beginning and the end of the year. The Standard Income Statement requires revenues to be separately disclosed where the item is of such a size, nature or incidence that its disclosure is relevant in explaining the performance of Council.

East Gippsland Shire Council Comparison Report
Standard Statement of Financial Position
As at 30 June 2012

Assets	Budget 2011/12 (\$'000)	Variance		Ref	Actual 2011/12 (\$'000)
		(\$'000)	%		
Current Assets					
Cash and Cash Equivalents	13,650	17,014	124.6%	1	30,664
Trade and Other Receivables	4,495	221	4.9%		4,716
Other Financial Assets	610	158	25.9%	2	768
Total Current Assets	18,755	17,393			36,148
Current Liabilities					
Trade and other Payables	4,905	3,275	66.8%	3	8,180
Provisions	2,736	883	32.3%	4	3,619
Interest-Bearing Loans and Borrowings	1,299	0	0.0%		1,299
Total Current Liabilities	8,940	4,158			13,098
Net Current Assets	9,815	13,235			23,050
Non-Current Assets					
Trade and Other Receivables	4,571	(274)	(6.0%)		4,297
Property, Infrastructure, Plant and Equipment,	693,297	39,423	5.7%		732,720
Total Non-Current Assets	697,868	39,149			737,017
Non-Current Liabilities					
Provisions	3,076	8,668	281.8%	5	11,744
Payables	0	3,765	n/a	6	3,765
Prepaid Income	0	1,198	n/a	7	1,198
Interest-Bearing Loans and Borrowings	8,471	0	0.0%		8,471
Total Non-Current Liabilities	11,547	13,631			25,178
Net Assets	696,136	38,753			734,889
Equity					
Accumulated Surplus	301,568	(23,962)	(7.9%)		277,606
Asset Revaluation Reserve	393,358	62,624	15.9%	8	455,982
Other Reserves	1,210	91	7.5%		1,301
Total Equity	696,136	38,753			734,889

East Gippsland Shire Council Comparison Report
Standard Statement of Financial Position
 As at 30 June 2012

Variance Explanation Report

Ref.	Item	Commentary
1	Cash and cash equivalents	The main contributors to this variance include a higher than budgeted starting cash position, higher than budgeted up front pay out of Special Charge Scheme by scheme participants, the receipt of fifty percent of the Federal Assistance Grant in advance and reductions to the capital works program. A detailed explanation of cash variances is contained in the Standard Statement of Cash Flows and accompanying explanations.
2	Other Financial Assets	This category is higher than budgeted due to a larger than anticipated accrual of interest other income and prepaid expenses.
3	Trade and other Payables	This category is higher than budgeted due to a larger than anticipated accrual of expenses. This is mainly due to Council's need to perform a large amount of disaster recovery works during June 2012 to recover from the natural disaster that occurred in early June 2012.
4	Provisions – Current	This category hold balances for Provision for Annual and Long Service Leave entitlements. This category is higher than budgeted due to a higher than forecast in Annual and Long Service Leave as well as a larger portion of Long Service Leave provision being classified as current than budgeted.
5	Provisions – Non-Current	The major cause of the variance to the Non-Current provisions is due to the additional recognition of necessary rehabilitation works to be undertaken to bring existing and legacy landfills to a satisfactory condition as required by the EPA. The estimated additional liability for existing and legacy landfills is \$8.7 million.
6	Payables	This liability is due to Council having to contribute \$3.8 million to the shortfall in the Vision Defined Benefits Superannuation fund on 1 July 2013. Council was not aware of the size of liability and when it was due to be paid at the time of preparing the 2011/12 budget.
7	Prepaid Income	This year, for the first time, Council has decided to sell multi-year marina berths. This has resulted in the need to create a liability for received, but unearned income.
8	Asset Revaluation Reserve	The increase in the reserve is due mainly due to the need to revalue infrastructure assets as a result of an estimated increase in the Building and Construction index in excess of ten percent since the asset category's revaluation three years ago.

Commentary on the Standard Statement of Financial Position for the Annual Report

The Standard Statement of Financial Position for the Annual Report shows a snap shot of all the assets and liabilities as at 30 June. It shows the total of what is owned (assets) less what is owed (liabilities). The bottom line of this statement is net assets, which is the net worth of Council.

The change in net assets between two years Standard Statement of Financial Position shows how the financial position has changed over that period.

The assets and liabilities are separated into current and non-current.

East Gippsland Shire Council Comparison Report
Standard Statement of Cash Flow
For the Year Ended 30 June 2012

Cash Flows from Operating Activities	Budget 2011/12 (\$'000)	Variance (\$'000)	%	Ref.	Actual 2011/12 (\$'000)
Rates and Charges	39,126	(15)	(0.0%)		39,111
Interest Revenue	1,360	674	49.6%	1	2,034
User Fees and Fines	8,377	2,067	24.7%	2	10,444
Other Revenue	57	76	133.3%	3	133
Contributions and Reimbursements	2,324	1,281	55.1%	4	3,605
Operating Grants	14,287	7,443	52.1%	5	21,730
Capital Grants and Contributions	14,422	(10,755)	(74.6%)	6	3,667
GST Collected	-	1,597	n/a		1,597
GST Refunds from Australian Taxation Office	-	3,664	n/a		3,664
	<u>79,953</u>	<u>6,032</u>	<u>7.5%</u>		<u>85,985</u>
Employee Benefits	(17,960)	(1,728)	(9.6%)		(19,688)
Payments to Suppliers	(30,173)	960	3.2%		(29,213)
Finance costs	(1,069)	118	11.0%	7	(951)
Other Expenses	(4,735)	(1,413)	(29.8%)	8	(6,148)
GST Paid to Suppliers	-	(5,362)	N/a		(5,362)
	<u>(53,937)</u>	<u>(7,425)</u>	<u>(6.4%)</u>		<u>(61,362)</u>
Net Cash Provided by Operating Activities	<u>26,016</u>	<u>(1,393)</u>	<u>9.9%</u>		<u>24,623</u>
Cash Flow from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment	281	(77)	(27.4%)		204
Payments for Property, Plant and Equipment	(38,110)	14,892	39.1%	9	(23,218)
Net Movements in Deposits and Advances	602	(602)	100.0%		-
Net Cash Used in Investing Activities	<u>(37,227)</u>	<u>14,213</u>	<u>38.2%</u>		<u>(23,014)</u>
Cash Flow from Financing Activities					
Proceeds from Borrowings	801	-	0.0%		801
Repayment of borrowings	(659)	-	0.0%		(659)
Net Cash Provided by (used in) Financing Activities	<u>142</u>	<u>-</u>	<u>0.0%</u>		<u>142</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	(11,069)	12,820			1,751
Cash and Cash Equivalents at the Beginning of the Year	24,719	4,194			28,913
Cash and Cash Equivalents at the End of the Year	13,650	17,014			30,664

East Gippsland Shire Council Comparison Report
Standard Statement of Cash Flow
For the Year Ended 30 June 2012

Variance Explanation Report

Ref.	Item	Commentary
1	Interest Revenue	The increase in interest is due to higher than budgeted cash in the bank, caused by a delay in capital works expenditure which was perpetuated by delays in the delivery of major capital works programs and the higher than forecast up front payout of the Tambo Bluff Special Charge Scheme by scheme participants. This increase was offset by lower than forecast interest on the Special Charge Scheme Council has also benefited from higher than expected interest rates.
2	User Fees	The difference in the Cashflow for fees and charges is mainly due to the decrease in debtors, higher than forecast income for Tipping Fees (\$200,000), Caravan Park income (\$400,000), Unbudgeted income for Eagle Point Caravan Park Shop (\$107,000) and \$95,000 increase in casual use of Councils recreation facilities resulting in more cash received in this category.
3	Other Revenues	Other revenue is mainly higher than budget due to unbudgeted income of \$79,000
4	Contributions and Reimbursements	The variation to budget is mainly due to higher than expected repayments of the Tambo Bluff Special Charge Scheme, resulting in a significant movement in Councils Statement of Financial Position debtors for the Special Charge Scheme (\$2.5 million).
5	Operating Grants	Council's recurrent grant increase above budget is primarily due to receiving a number of unexpected and unbudgeted grants during the year. The more significant unbudgeted grants received during this period were \$382,000 for the Advancing Country Towns program, \$880,000 to auspice the Great Costal Walks program and Council received more funds from the Victorian Grants Commission than originally budgeted (\$3.863 million) due to the prepayment of fifty percent of the 2012/13 Federal Assistance Grant in advance. Council has also reclassified Roads to recovery grants into the recurrent grants category, resulting in \$1.7 million of additional unbudgeted income. There were a number of smaller grants that were also unbudgeted and received by the Council that have not been listed.
6	Capital Grants and Contributions	The decrease in budgeted income from Capital Grants and Contributions is mainly due to the delay or deferral of grant funds. The main contributors relate to the expected grant for boat ramp at Bastion Point (\$6.2 million), and \$1.6 million for the Bairnsdale Aerodrome Upgrade Construction. Roads to Recovery income was also moved from this category to grants recurrent. \$2.4 million was budgeted for the grant within this category. There were a number of smaller grants that were also budgeted but were not received during the Financial year.
7	Finance Costs	The main contributors to the variance have been a lower than forecast interest expense due the inclusion of \$120,000 for the landfill (a non-cash expense) in the forecast cashflow.
8	Other Expenses	The main cause of the variance in other expenses was due to \$1.6 million of unbudgeted capital expenditure being expensed during the year.

East Gippsland Shire Council Comparison Report
Standard Statement of Cash Flow
For the Year Ended 30 June 2012

Variance Explanation Report (Continued)		
Ref.	Item	Commentary
9	Payments for Property Plant and Equipment	<p>Expenditure on Property, Plant and Equipment for 2011/12 was \$23.0M, with \$1.6 million expensed due to works undertaken on assets not owned and/or controlled by Council.</p> <p>Other major contributors to the shortfall in expenditure were:</p> <ul style="list-style-type: none"> • spending shortfall of \$1.4M for Eastern Creek is mainly due to having to revise the works required; • delays to Bastion point (\$6.5 million); • deferral of the consolidation of Council buildings (\$1.9 million); • the delay in the construction of the Metung Marina Stage 1 (\$800,000); • the delay in the construction of the All Abilities Playground at Davidson Oval (\$800,000); • Moilin Creek and Morass Creek bridges constructed under budget (\$520,000); • gravel resheets (\$415,000) being delayed; • changes to the programming of the works for the Bairnsdale Airport upgrade (\$1.8 million);and, • a delay in the creation of the landfill cell 3 (\$700,000).

A Standard Statement of Cash Flows for the Annual Report shows what has happened during the year in terms of cash. It explains what cash movements have resulted in the difference in the cash balance at the beginning and the end of the year.

The net cash flows from operating activities shows how much cash remains after paying for the provision of services to the community, which may be invested in things such as capital works.

The information in the Standard Statement of Cash Flows assists users in the assessment of the ability to generate cash flows, meet financial commitments as they fall due, including; the servicing of borrowings, fund changes in the scope of activities and obtain external finance.

East Gippsland Shire Council Comparison Report
Standard Statement of Capital Works
For the Year Ended 30 June 2012

Capital Works Areas	Budget 2011/12 (\$'000)	Variances (\$'000)	%	Ref.	Actual 2011/12 (\$'000)
Buildings	7,975	(4,089)	(51.3%)	1	3,886
Drains	2,686	(1,525)	(56.8%)	2	1,161
Open Space	11,157	(8,507)	(76.2%)	3	2,650
Roads and Bridges	9,613	1,226	12.8%	4	10,839
Plant, Furniture and Equipment	2,225	(111)	(5.0%)		2,114
Other	4,454	(2,251)	(50.5%)	5	2,203
Total Capital Works	38,110	(15,257)	(40.0%)		22,853
Represented by					
Asset renewal	16,176	(3,121)	(19.3%)		13,055
New assets	16,094	(8,711)	(54.1%)		7,383
Asset upgrade	5,627	(3,547)	(63.0%)		2,080
Asset expansion	213	122	57.3%		335
Total Capital Works	38,110	(15,257)	(40.0%)		22,853

East Gippsland Shire Council Comparison Report
Standard Statement of Capital Works
For the Year Ended 30 June 2012

Variance Explanation Report

Ref.	Item	Commentary
1	Buildings	<p>The shortfall in expenditure on Buildings was due mainly to</p> <ul style="list-style-type: none"> • Deferral in the commencement of the Council Building Consolidation (\$1.9 million). • ‘Oneonta” project delayed due to finalisation of scope of works by Committee of Management. (\$100,000) • Reduction in Building Maintenance Capital expenditure by \$500,000. • Delay in commencement of Bairnsdale Library upgrade (\$600,000). • A delay in the renewal of the Orbost outdoor pool (\$235,000). • Delay in the completion of the Aquadome Extension (\$75,000). • Delay in commencement of refurbishment of Omeo Caravan Park Toilet Block (\$300,000).
2	Drains	<p>The Eastern Creek Drain realignment / upgrade project in Lakes Entrance (\$1.4M) due to discovery of acid sulphate soils (ASS), requiring a revision in plans (including the development of an ASS Management Plan) and additional scoping of the project.</p>
3	Open space	<p>The shortfall in the open space budget was mainly due to:</p> <ul style="list-style-type: none"> • the delay in the construction of the Metung Marina Stage 1 (\$800,000) due to delays in obtaining required approvals to commence the project. • the delay in the construction of the All Abilities Playground at Davidson Oval (\$800,000) due to redesign and re-scoping of works for project. • The delay in the commencement of the Bastion Point Boat Ramp (\$6.5 million) due to ongoing negotiations with the State Government. • The finalisation of the Bairnsdale City Oval upgrade (\$180,000) due to delays by other infrastructure agencies. • Gilsenan Reserve works delayed (\$250,000) due to delay in announcement of required external funding.
4	Roads and Bridges	<p>The shortfall in the Roads and Bridges budget is mainly due to:</p> <ul style="list-style-type: none"> • Moilin Creek and Morass Creek bridges constructed under budget (\$520,000); and, • gravel resheets (\$415,000) being delayed due to two flood events during the year.
5	Other	<p>The shortfall in other is mainly due to:</p> <ul style="list-style-type: none"> • Changes to the programming of the works for the Bairnsdale Airport upgrade (\$1.8 million) which will result in the works taking place in 2012/13; and • a delay in the creation of the landfill cell 3 (\$700,000) due a change in the scoping of the project due to new EPA requirements.

East Gippsland Shire Council Comparison Report
Standard Statement of Capital Works
For the Year Ended 30 June 2012

Commentary on Standard Statement of Capital Works for the Annual Report

A Standard Statement of Capital Works for the Annual Report sets out the all the capital expenditure in relation to non-current assets for the year. It also shows the amount of capital works expenditure, which is expected to be renewing, upgrading, expanding or creating new assets. This is important because each of these categories has a different impact on Council's future costs.

- Capital expansion expenditure extends an existing asset to a new group of users. It is discretionary expenditure, which increases future operating, and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group.
- Capital renewal expenditure reinstates existing assets; it has no impact on revenue but may reduce future operating and maintenance expenditure it completed at the optimum time.
- Capital upgrade expenditure enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base.
- New capital expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for the council and will result in an additional burden for future operation, maintenance and capital renewal.

East Gippsland Shire Council Comparison Report
Notes to the Standard Statement
For the Year Ended 30 June 2012

Notes to the Standard Statements

Note 1 Basis of Preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report.

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Finance and Reporting) Regulations 2004*.

The Standard Statements have been prepared on accounting bases consistent with those used for General Purpose Financial Report and the Budget. The result reported in these statements are consistent with those reported in the General Purpose Financial Report.

The Standard Statements are not a substitute for the General Purpose Financial Report, which are included on pages 1 to 4 of the Financial Statements. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. The *Local Government Act 1989* requires explanation of any material variances. Council has adopted a materiality threshold of 10% per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Standard Statements are those adopted by Council on 28 June 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. Council set guidelines and parameters for revenue and expense targets in this budget in order to meet Council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from assets revaluations, as their impacts were not considered predictable.

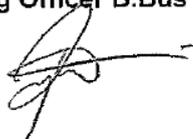
Detailed information on the actual financial results are contained in the General Purpose Financial Statements Report on pages 1 to 51. The detailed budget can be obtained by contacting Council or through the Council's website. The Standard Statements must be read with reference to these documents.

**EAST GIPPSLAND SHIRE COUNCIL
CERTIFICATION ON STANDARD STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

In my opinion, the accompanying standard statements have been prepared on accounting bases consistent with the financial statements in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*.

Principal Accounting Officer B.Bus (Acc) MBA CPA FLGpro

Andrew Wright



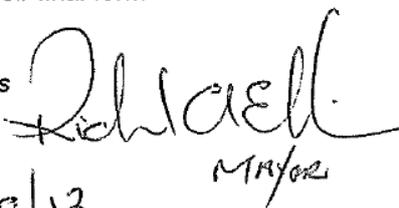
Date 21/9/12

In our opinion, the accompanying standard statements have been prepared on accounting bases consistent with the financial statements in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*.

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

We have been authorised by the Council on the 11th of September 2012 to certify the standard statements in their final form

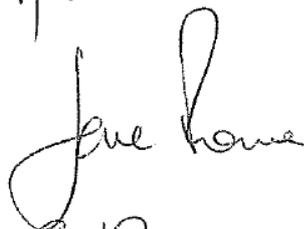
Cr Richard Ellis


Mayor

Date

21/9/12

Cr Jane Rowe



Date

21.9.12

Chief Executive Officer

Steve Kozlowski



Date

21.9.2012



Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Councillors, East Gippsland Shire Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2012 of East Gippsland Shire Council which comprises comprehensive income statement, statement of financial position, cash flow statement, statement of changes in equity, notes comprising a summary of the significant accounting policies and other explanatory information, and the financial statements certification has been audited.

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises standard income statement, standard statement of financial position, standard statement of cash flows, standard statement of capital works, the related notes and the certification on standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

The Councillors of the East Gippsland Shire Council are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.

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

Auditor's Responsibility

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

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

- the appropriateness of the accounting policies used in the financial report
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the financial report and standard statements.

Auditing in the Public Interest

Independent Auditor's Report (continued)

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

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of East Gippsland Shire Council as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

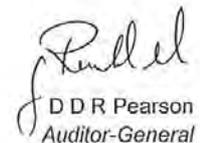
Basis of Accounting for Standard Statements

Without modifying my opinion, I draw attention to Note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

Matters Relating to the Electronic Publication of the Audited Financial Report and Standard Statements

This auditor's report relates to the financial report and standard statements of the East Gippsland Shire Council for the year ended 30 June 2012 included both in the East Gippsland Shire Council's annual report and on the website. The Councillors of the East Gippsland Shire Council are responsible for the integrity of the East Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
21 September 2012


J D R Pearson
Auditor-General

East Gippsland Shire Council Comparison Report
Performance Statement
For the Year Ended 30 June 2012

Key Strategic Activity	Performance Measure	How is Reported	Data	Performance Target	Result Achieved	Ref	Achieved
Liveability							
Providing quality Citizen Services	Community satisfaction rating for interaction and responsiveness	Local Government Victoria Annual Community Satisfaction Survey		≥ 72	68	1	Not achieved*
Provide Quality Recreation Facilities	Community satisfaction rating for Recreation Facilities	Local Government Victoria Annual Community Satisfaction Survey		≥ 72	67	1	Not achieved*
Improved Appearances of Public Places	Community satisfaction rating on the Appearance of Public Places	Local Government Victoria Annual Community Satisfaction Survey		≥ 75	71	1	Not achieved*
Providing quality community services	Community satisfaction rating for health and human services	Local Government Victoria Annual Community Satisfaction Survey		≥ 75	Family Support 64 Elderly Support 66 Disadvant aged support 59	1	Not achieved*
Providing Quality Local Laws Services	Community satisfaction rating on Local Laws Enforcement	Local Government Victoria Annual Community Satisfaction Survey		≥ 64	63	1	Not achieved*
Sustainability							
Provide appropriate Waste Management Facilities	Community satisfaction rating on Waste Management	Local Government Victoria Annual Community Satisfaction Survey		≥ 75	71	1	Not achieved*
Provide for a Quality Built Environment	Community satisfaction rating for Town Planning Policy and Approvals	Internal Customer Satisfaction Survey for Development Approvals		≥ 58	65		Yes [#]
Advisory Board	Environmental Sustainability Advisory Board meets four times per year and reports are presented to Council	Council Resolution		Four reports	Four Reports		Yes

East Gippsland Shire Council Comparison Report
Performance Statement
For the Year Ended 30 June 2012

Key Strategic Activity	Performance Measure	How is Reported	Data	Performance Target	Result Achieved	Ref	Achieved
Provide a Quality Road Network	Community satisfaction rating for Local Roads	Local Government Victoria Annual Community Satisfaction Survey		≥ 54	49	1	Not achieved*
Improved Traffic Management and Parking	Community satisfaction rating on the Traffic Management and Parking	Local Government Victoria Annual Community Satisfaction Survey		≥ 58	58	1	Yes
Productivity							
Completing the Capital Works Program	The percentage of budgeted Capital Works projects (that are Council funded or have guaranteed funding) by end of Financial Year	Audited Financial Statements		Delivery of 80% or greater of projects Council funded / funding guaranteed.	81%		Yes
Provide positive economic outcomes	Community satisfaction rating for Economic Development	Local Government Victoria Annual Community Satisfaction Survey		≥ 60	62	1	Yes
Advisory Boards	Economic Development, Tourism, and Arts and Culture Advisory Boards meet four times per year and reports to Council	Council Resolution		Four reports for each Board	11 reports	2	Not achieved
Governance							
Improving Community Perceptions	Community satisfaction rating for overall performance generally of the Council	Local Government Victoria Annual Community Satisfaction Survey		≥ 64	58	1	Not achieved*
Strengthening Advocacy Processes	Community satisfaction rating for advocacy and representation on key local issues	Local Government Victoria Annual Community Satisfaction Survey		≥ 64	53	1	Not achieved*

East Gippsland Shire Council Comparison Report
Performance Statement
For the Year Ended 30 June 2012

Key Strategic Activity	Performance Measure	How is Reported	Data	Performance Target	Result Achieved	Ref	Achieved
Improving Engagement Processes	Community satisfaction rating for Council's engagement on key local issues	Local Government Victoria Annual Community Satisfaction Survey		≥ 60	54	1	Not achieved*
Strategic Community Engagement and Consultation	Number of strategic site visits and community engagement undertaken through community planning	Consultation minutes		≥ 4	19		Yes

* A direct comparison with previous survey results is not possible and readers need to be aware that these results are not directly aligned to the performance targets set in June 2011 against the former survey methodology. However, the objective of the questions remains the same.

This question was not addressed in this year's community satisfaction survey data. Council's performance against this Key Strategic Activity was measured using an internal customer satisfaction survey on development approvals. The results of this survey were endorsed by Council at its 7 February 2012 Council Meeting.

Explanation of Variances for current year results

Ref.	Item	Commentary
1	Various Community Satisfaction Performance Indicators	<p>The performance targets set above were adopted by Council in June 2011 in the Annual Budget 2011/12 and Council Plan 2009-13. East Gippsland Shire Council has historically used the Department of Planning and Community Development (DPCD), Statewide Local Government Community Satisfaction Survey to assess its performance against Key Strategic Activities (KSAs) and to seek insight into ways to provide improved or more effective service delivery.</p> <p>During the 2011/12 Financial Year, DPCD, which is the body responsible for the development, coordination and oversight of the survey, revised the questions and the survey methodology. Changes to the methodology include an improved index calculation system, sample size changes, and a change from a head of household survey to a population representative survey. This year's survey comprised six core questions, a reduction on what was offered in previous years. In light of this, Council commissioned a further 12 optional 'performance' based questions and 15 optional 'importance' questions to be asked, with the objective of providing meaningful data to report against Council's KSAs for the 2011/12 year.</p>

East Gippsland Shire Council Comparison Report
Performance Statement
For the Year Ended 30 June 2012

Ref.	Item	Commentary
		As a result of the changes to the survey methodology, a direct comparison with previous survey results is not possible. Readers need to be aware that some of the results reported above are not directly aligned to the performance target set in June 2011 using the former survey methodology. Importantly, however, the objective of the questions asked in the immediate past survey remained the same. Council is committed to comprehensively reviewing the performance measures it sets for its Key Strategic Activities for future reporting.
2	Advisory Board Reports	During the year, only three sets of minutes for the Arts and Culture Advisory Board were presented to a Council meeting during the 2011/12 financial year. This was due to an administrative oversight.

**EAST GIPPSLAND SHIRE COUNCIL
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

In my opinion, the Victorian Local Government Indicators in the accompanying statement are presented fairly, and indicate the Council's performance for the period ended 30 June 2012. I confirm that the indicators were calculated in accordance with the definitions as provided by the Department of planning and Community Development.

I certify the accuracy of the indicators and confirm that there is documented methodology and a reliable system to store the data.

As at the date of this certification, I am not aware of any circumstances that would render any particulars in the attached statement of indicators to be misleading or inaccurate.

Principal Accounting Officer: B.Bus (Acc) MBA CPA FLGpro

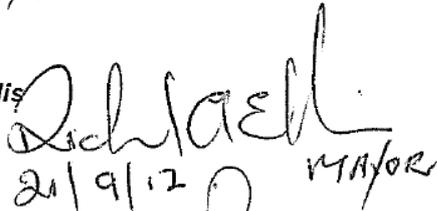
Andrew Wright



Date 21/9/12.

Cr Richard Ellis

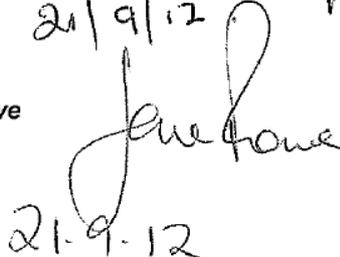
Date



21/9/12 MAYOR

Cr Jane Rowe

Date



21.9.12

Chief Executive Officer

Steve Kozlowski



Date

21.9.2012



Victorian Auditor-General's Office

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Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Councillors, East Gippsland Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2012 of the East Gippsland Shire Council which comprises the statement, the related notes and the performance statement certification has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of the East Gippsland Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditing in the Public Interest

Independent Auditor's Report (continued)

Auditor's Opinion

In my opinion, the performance statement of the East Gippsland Shire Council in respect of the 30 June 2012 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the East Gippsland Shire Council for the year ended 30 June 2012 included both in the East Gippsland Shire Council's annual report and on the website. The Councillors of the East Gippsland Shire Council are responsible for the integrity of the East Gippsland Shire Council's website. I have not been engaged to report on the integrity of the East Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
21 September 2012


J D D R Pearson
Auditor-General

Glossary

Actual 2011/2012	Actual performance achieved where this measure was used in the 2011/2012 financial year.
Balance sheet	Reports all assets owned by Council (including amounts owed to Council) and all liabilities owed by Council.
Best Value	The continuous review of all services provided by Council to ensure they meet the required cost standards and needs of the community to deliver value for money.
Buildings and improvements	Includes all capital building improvements to any land owned or controlled by Council.
Cashflow statement	Reports all cash movements during the financial year. Cash movements consist of cash inflows (receipts/proceeds) less cash outflows (payments).
Cth	Commonwealth
Council Plan	The Council Plan guides the development and strategic priorities for East Gippsland Shire Council over a four year period. This plan is reviewed annually.
EFT	Equivalent Full Time.
Financial statements	Incorporates the Income Statement, Balance Sheet, Statement of Changes in Equity, Cashflow Statement plus the Notes to and forming part of the Accounts that support these statements.
Furniture and fittings	Assets and capital acquisitions relating to computer equipment, electronic equipment, appliances, furniture, fixtures and fittings.
Heritage assets	Includes antiques, artifacts, artworks, photographs, mayoral chains, and heritage buildings owned by Council.
Income statement	Identifies all revenues earned and expenses incurred during the financial year.
Indicators	Indicators define what will be measured to show we are meeting our objectives.
Land	All land owned or controlled by Council
Land improvements	Includes all capital improvements, other than buildings, to any land owned or controlled by Council.
Legacy landfills	Landfills that are no longer used to dispose of waste. A number of these landfills have never been capped, which can cause environmental issues.
MSS	The Municipal Strategic Statement is Council's long range plan to guide the development of the city and its urban form.
Performance measures	Mechanisms such as unit costs or response times, which can be used to measure Council's performance over time.
Place based operations	Services are responsive to 'Place'. Programs are coordinated with other locally provided programs. Clusters of communities Services are tailored and adapted to respond to the particular needs of those places.
Plant and equipment	Assets owned by Council.
Roads	Includes road pavements, footpaths, kerb and channel, traffic signals and speed restriction devices.
Statement of changes inequity	Identifies Council's overall movement in equity consisting of the accumulated surplus, asset revaluation and statutory reserves. Equity is also represented by total assets less total liabilities.
Statement of Financial	Reports all assets owned by Council (including amounts owed

Position	to Council) and all liabilities owed by Council.
Strategic Objectives	Establish where we want to be for each of Council's commitments.
Strategies	Define how Council will endeavour to achieve the Strategic Objectives.
Strategy	A document that outlines an initiative, program or project that will contribute towards achievement of a longer term goal or outcome.
Values	Values are beliefs that underpin behaviours and processes. The values of an organisation guide its culture.

Contact details

Residents' Information Line 1300 555 886

Phone: (03) 5153 9500
Email: feedback@egipps.vic.gov.au
Website: www.eastgippsland.vic.gov.au
Twitter: @egsc

Write to:
Chief Executive Officer
PO Box 1618
Bairnsdale Vic 3875

Visit Council staff at the following locations:
Bairnsdale Corporate Centre
273 Main Street

Lakes Entrance Service Centre
18 Mechanics Street

Omeo Service Centre
179 Day Avenue

Orbost Service Centre
1 Ruskin Street

Paynesville Service Centre
55 The Esplanade

Service Centres can help with:

- Rate and property enquiries and payments
- Pensioner concession discount on rates
- Animal registration and renewals
- Planning
- Collecting applications and lodging permits
- Community laws and health
- Enquiries about adjoining fence owners
- Change of address
- Disability parking permits
- New or replacement waste bins
- Raymond Island ferry passes
- Roads, footpaths and bridge enquiries
- Marina and jetty enquiries and payments
- All your Council account payments

Outreach Centres

Bendoc Outreach Centre
Buchan Resource Centre
Cann River Community Centre

Feedback

East Gippsland Shire Council welcomes your ideas about this report.

If you would like more information on any matters in this report or wish to provide feedback on how Council's reporting can be improved, please phone Council's Corporate unit on 5153 9500 or email feedback@egipps.vic.gov.au.