

**Submission to the Australian Government
Productivity Commission**

**Review of Natural Disaster Funding
Arrangements**

June 2014



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1 Introduction

East Gippsland Shire appreciates the opportunity to make a submission to contribute to the discussion set out in the Issues Paper for the review of Natural Disaster Funding Arrangements in Australia.

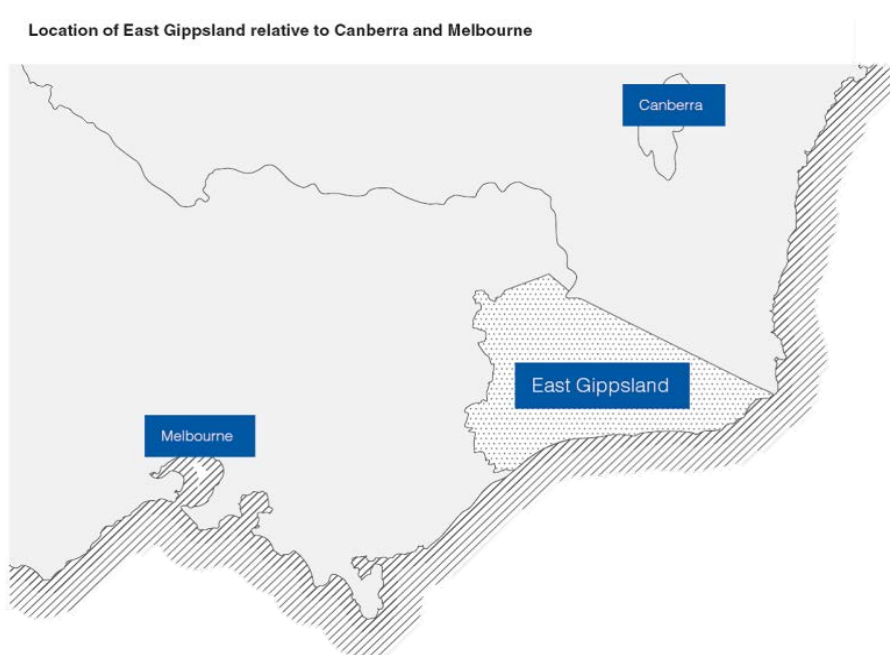
East Gippsland Shire is also aware of the submission prepared by the Municipal Association of Victoria (MAV). The MAV Submission provides an excellent overview of the role of Local Government in Victoria and the current emergency management arrangements operated by local municipalities as well as addressing many of the issues from the perspective of the Victorian Local Government sector.

Our submission focuses on the experience that East Gippsland Shire has with working with our communities preparing for, responding to and recovering from natural disasters under the current funding arrangements and will provide some additional information in respect to work that we are undertaking examining options around adaptation to our changing environment.

2 Context

2.1 East Gippsland Overview

East Gippsland Shire is located in the far eastern corner of Victoria. We are the second largest municipality in Victoria with a total area of over 21,000 square kilometers.



East Gippsland Shire is very diverse with our population of 43,000 people widely dispersed across the Shire which includes vast tracts of forested public land and eight (8) river catchments. Our small population and the large area serviced means that by necessity there is a significant network of public and community assets that exists to support the operation of our communities. While there is a diverse range of economic activities occurring in East Gippsland, many are linked to the wealth of natural resources and assets that we have whether through exploitation (timber, farming, mining) or experience (tourism, events and lifestyle opportunities). The population in East Gippsland is growing, but it is an aging community and it is a community with limited economic capacity with pockets of significant disadvantage in some areas. These characteristics all have implications for the level of vulnerability of East Gippsland to natural disasters.

Additional details about East Gippsland Shire and our communities can be found at **Attachment 1**. A full copy of the Council Plan 2012-2017 can be found at the following link http://www.eastgippsland.vic.gov.au/About_Us/Your_Council/Policy_Documents_and_Publications/Council_Plan

2.2 Natural Disaster History in East Gippsland.

East Gippsland by virtue of the scale of the Shire, the nature of our environment and the geographic spread of our population is regularly impacted by natural disasters. Since 1998, East Gippsland has experienced a large number of events that qualified for support through the Natural Disaster Funding arrangements. These events include:

- Floods in 1998, 2007, 2011 and 2012
- Fires in 2003/04, 2006/07, 2013 and 2014
- Storm Events in 2012 and 2013

The estimated cost of the impact of events for East Gippsland Shire assets and community recovery activities since July 2011 is in the vicinity of \$16 Million, with claims for approximately \$6 Million still to be fully resolved.

Plans showing the spatial extent of the impact of both Floods and Fires in East Gippsland Shire can be found at **Attachment 2 and 3**. These plans map events in East Gippsland since 1989 and what they demonstrate is an extensive scale of impact on our landscape.

2.3 Our Commitment to Emergency Management.

The scale of some events in East Gippsland have been significant, with some events impacting wide areas and many communities across the Shire. The history of events in recent times in East Gippsland also demonstrates the regularity of natural disasters that have had significant consequences for our community. In some cases events and recovery processes have overlapped with rectification works from one event being impacted by another and recovery for both fire and flood events being undertaken at the same time.

Recognition of the nature and pattern of events and in particular the impact on our organisation lead Council to take a more pro-active approach to Emergency Management functions allocated to Local Government following significant flooding in 2007. While response and recovery activities associated with infrequent and small events may be able to be managed by Council officers normally allocated to other roles, the responsibility and demands associated with planning for, responding to and recovering from major events was placing too significant a cost on the normal function of Council and the staff involved.

A decision was taken by Council to fund a full time senior officer as the Municipal Emergency Manager. This role is currently filled by two part time officers as a job share arrangement, which allows maximum coverage and resources for events as they occur across the year.

The Emergency Management function is part of the Planning and Community Directorate in Council as we see the role as a strategic function that is focused on supporting communities to become more resilient and to support community recovery over time. While there are some legislative and technical requirements that Council must be resourced to fulfill in response to emergency requirements, the reality is that the most significant role that Council has is to manage and support individual and community recovery. This is a long term strategic community development role.

Placing emergency management functions in this part of Council's operation allows for interactions with strategic land use functions and community development and social planning functions, which we believe bring an important dimension to our approach.

The way that East Gippsland resources emergency management functions and our experience in dealing with events means that in many cases East Gippsland Shire is seen as leading best practice and we place a significant effort on contributing more broadly to improving practice in the Gippsland Region and in Victoria.

2.4 Natural Disaster Preparation and Mitigation in East Gippsland.

The MAV recently undertook a detailed analysis of the expenditure profile of municipalities in Victoria in respect to their effort in Emergency Management activities. While there are some acknowledged limitations associated with this data outlined in the MAV Submission, the data does accurately demonstrate the level of commitment made by East Gippsland Shire to a broad range of emergency management activities and supports and in most cases this is well in excess of similar municipalities. Details of expenditure by East Gippsland Shire can be found at **Attachment 4**.

East Gippsland Shire works proactively with a wide range of partner agencies to develop and improve the East Gippsland Municipal Emergency Management Plan, to understand and plan for anticipated risks in an integrated way. When last audited, the East Gippsland Municipal Emergency Management Plan (MEMP) was considered to represent a best practice approach.

East Gippsland Shire has also been proactive in working with our communities to enhance their understanding of emergency management planning and in particular assisting places to

understand and design the way that they will respond to natural disasters and other events through the development of Local Incident Management Plans (LIMP). This is a community lead process, supported by Council that documents the way that different communities will respond in a wide range of events. These LIMP documents ultimately form part of the MEMP so that individual place requirements can be understood as part of the overall planning and response activities by various response agencies. Details about the LIMP documents prepared to date in East Gippsland can be found at the following link: http://www.eastgippsland.vic.gov.au/Emergency_Information/Local_Incident_Management_Plans

East Gippsland Shire recognises the importance of developing and maintaining effective working relationships with agencies and communities to continue to improve how we manage the impact of events on the operation of our communities. This requires a consistent level of effort and interaction for this to be successful.

3 Comment on matters raised in the Issues Paper

3.1 Objectives of the Natural Disaster Funding Arrangements

The Commission has asked *“What should be the objectives of the natural disaster funding arrangements?”*

The MAV in its submission has indicated that there are no definite, but only inferred objectives for the program. It is considered that determining the objectives of the program are a key first requirement of the review – otherwise how can the effectiveness or otherwise of the program be determined? How can the future sustainable direction of the program be determined?

Being clear about the objectives of a program such as the Natural Disaster Funding arrangements will influence application of the program, changes to the program and ultimately the view about the program. Determining the objectives of the program would appear to be a priority action of this review.

In East Gippsland we consider that the program is designed to provide equitable outcomes to communities affected by natural disasters that are beyond their control. Ultimately we believe that the program is designed to ensure that affected communities are able to get back up and operating as effectively as possible as soon as possible.

The program needs to recognise that there are areas that are more regularly affected by natural disasters and in many cases these are the areas of Australia that have the least capacity to pay for the recovery effort required and yet they provide a range of natural resources and other services to the broader population. The program should aim to provide equitable outcomes.

The scale and extent of many events have little consideration for State or municipal boundaries and the program should aim to recognise impacts rather than be bound by arbitrary boundaries not well respected by natural events that are uncontrollable or which result in downstream impacts. This is one of the major benefits of a larger scale program that supports recovery of communities and assets as it balances out the potential for inconsistency across existing jurisdictional boundaries.

The development of overarching objectives for the program could also address issues associated with terminology and consistent application of requirements across different spatial areas where experience and application of the requirements is often the only guidance that can be provided to the implementation of the program.

3.2 Changes to the NDRRA Determination Rules

Changes to the Determination Rules without the ability to make reference to program objectives provides very little certainty to Local Government organisations and communities to make strategic decisions in respect to natural disaster recovery arrangements.

The most recent changes to the Determination Rules to seek to remove funding for “non-critical” community infrastructure occurred without detailed consultation and have the potential to generate significantly detrimental outcomes for existing communities and Local Council’s as we frequently have the most community infrastructure at risk.

A lack of clarity around program objectives and responsibilities would appear to mean that these changes can be implemented without obtaining input from key stakeholder organisations. While the need to make the program more sustainable in the light of available evidence of an increasing number of events is understood arbitrary responses to changed rules are, in our view, not the answer.

3.3 Cumulative Impacts to Communities

The impacts of natural disasters are clearly not just impacts to infrastructure, but are realised as impacts to communities and individuals. Communities in East Gippsland have been subject to the impact of multiple events over an extended period of time. While there may be the expectation that many rural and regional communities possess a certain level of stoicism and resilience this is not universally true. Where communities and individuals are regularly impacted we consider that it is not acceptable to “return” communities to the place they found themselves in prior to that emergency.

There are cumulative effects to communities and this needs to be properly understood and responded to through available recovery arrangements. We consider that it is impossible to simply support the recovery of a community to return to a state of normal, but rather that there are adaptive responses that need to be pursued to better place communities to cope with future events.

Supporting communities and individuals to adapt in response to natural disasters will be increasingly important because in a place like East Gippsland there are limited actions that

can be taken to mitigate against impacts to physical infrastructure and so many communities will always be vulnerable to events.

3.4 Land Use Planning

The land use planning system in Victoria is being increasingly used to support effective planning having regard for a number of natural hazards including bushfire and flooding. Provided good information is available to support effective and fair decision making, knowledge about hazards can be used to support good future planning to protect communities.

As a general rule, land use planning will have its greatest impact on guiding future development and has more limited ability to influence outcomes for existing places. In a place like East Gippsland the future expansion and development of many townships is significantly constrained by the application of the Bushfire Management Overlay. This means that we have had to research and better understand how to manage the interface between the bush and our urban environments. What this work has revealed is:

- That there are effective ways to manage vegetation at the interface to minimise fire risk while still maintaining important ecological values; and
- That it is possible to provide additional protection or resilience to existing townships through the approval of more appropriate and more fire resistant development at the interface.

What this means is that it may be appropriate to allow development in appropriate locations in communities at risk of fire, because higher standards of planning and development for bushfire impacts means that the risk can be managed and ultimately this higher standard of development acts as a protective “outer layer” for existing, often lower standard development.

Using good information to manage future development in a way that minimises exposure to natural disaster risks is a strategic approach to assisting our communities to adapt to their environment over time. This will be increasingly important. Making good information available to community members looking to purchase or develop properties will also be an important initiative. Making information relevant, understandable and accessible is the focus of a project in East Gippsland that has been funded by the Victorian Adaptation and Sustainability Program. This will be a pilot project that aims to assist individuals to make good choices about property selection understanding the potential risks and requirements of the Planning system.

3.5 Volunteers and Donations

Understanding the benefits and unintended consequences of the Natural Disaster Funding Arrangements is a critical aspect of this review. It is considered that there is a need to provide some focus on volunteering and donating as part of this process.

While perhaps a simple example, our observation over many years in relation to the impacts to farm fencing demonstrates the complexity associated with disaster recovery funding arrangements and potentially provides some insights for the future direction of the Program particularly in respect to the role of volunteer labour and donations. The following information is provided as a small case study:

- In flood and fire events in East Gippsland in the 1990's funding was provided to replace damaged fencing. Very few farmers insured their fences and it was recognised that loss of boundary fencing was of significant consequence to farm communities as part of the recovery process.
- Over time the program has changed and funding to replace farm fencing is no longer supported. This has led to an increased level of insurance cover being taken up by rural land holders.
- The Department of Environment and Primary Industry partially fund replacement of fencing that adjoins Crown Land when the fencing is destroyed by fire or by fire fighting activities. Local Government road reservations are also a major Crown Land boundary, however Council is not in a position to partially fund replacement of fencing destroyed by fire adjacent to our extensive road network. This is often a cause for questioning consistency in application of funding and support arrangements.
- Where land owners have insured their fences and take action to protect their fences through fire prevention activities (such as creating fire breaks each side of the fence), they may not be able to obtain a reduction in their premiums, depending on the view of the insurance company.
- Many landowners remain under or uninsured and replacement of fencing remains a key focus for assisting rural communities to recover from events. This means that significant support is often provided through volunteer efforts and donations to assist people to replace boundary fencing by individuals or organisations who want to support their community.
- The volunteer capacity to replace fencing following fire events has seen the rise of organisations like Blaze Aid and fund raising efforts after events can raise significant resources from community members who want to ensure that people impacted will be supported after an event. There appears to be a significant willingness on behalf of the community to recognise that the same thing could happen to them and a clear desire to see impacted people supported outside of the usual funding arrangements.
- While this effort is certainly very admirable, there is a significant risk that the application of volunteer resources is inconsistent and that it will not always be available and this is particularly the case if events become more frequent.

The role of volunteers and donations plays a significant role in emergency recovery processes and should be examined as part of this review.

3.6 Insurance

The MAV in their Submission has detailed the challenges for Local Government from an insurance perspective. This demonstrates the limitations and affordability of existing insurance arrangements for Local Government assets.

In the case of East Gippsland the estimated cost to replace infrastructure damaged since only 2011 is in the order of \$16 million. Even assuming that East Gippsland Shire could purchase insurance to cover the damage incurred, it is likely that the premiums would be extremely high. There is a distinct likelihood that given our risk exposure and history of events that East Gippsland Shire would be in effect uninsurable.

If East Gippsland Shire was to consider a program of self insurance then significant funds would have to be directed to this on an annual basis. If resources of the rate payers of East Gippsland were to be used to fund such a scheme this would have significant financial consequences for our municipality and would be unsustainable.

Many land owners in Australia remain under or uninsured, and as premiums rise this is likely to continue to be the case. It is unfortunate that premiums are often not based on accurate information about the exact nature of the risk to assets and it will be important to ensure that there is recognition for improved responses to the way that communities develop and adapt over time that should result in reduced impact and therefore reduced premiums. However improved development standards will only be realised if investment in improved infrastructure can be insured.

3.7 Betterment

It is considered that the concept of Betterment as currently understood and interpreted needs to be reviewed. There is presently no incentive to achieve outcomes that qualify as betterment because there is an additional financial cost associated with these processes, which is generally unaffordable or unplanned for.

Our experience is that there is variability in the application of guidance around what currently constitutes betterment. In some cases it is considered appropriate to replace damaged infrastructure in a way that means it is replaced according to current standards and expectations. For example replacement of destroyed road culverts in accordance with current drainage design standards and Catchment Management Authority guidelines may require installation of a much larger culvert or other infrastructure response. It would appear that in some areas this would be considered appropriate, but isn't necessarily the case universally. We believe there is inconsistency in application of these requirements presently.

4 Planning for Adaptation

It is considered that the concept of betterment is now dated and that in light of evidence that our changing climate will impact on the frequency and intensity of natural disasters means that we need to be focussing on adaptive responses to the impact of these events.

4.1 Future Predictions

Over the past few years all levels of government have been investing in data and predictions about future impacts to communities as a result of our changing environment. This is particularly the case for coastal areas.

In East Gippsland we have been working with the Department of Environment and Primary Industry to develop a Local Coastal Assessment for the Gippsland Lakes and the Ninety Mile Beach. When completed this Assessment will provide Council and other decision makers with advice in respect to the likely impacts from inundation and erosion from catchment flooding, sea level rise and storm surges. This information will provide the basis of work that will commence shortly to pilot an approach to adaptation planning for the community of Lakes Entrance.

Significant information already exists about impacts to coastal and other communities and continues to be refined through a focus on responding to the need to plan for future climate impacts.

4.2 Adaptation Planning

Information available to us now about what the future might bring can be used to support strategic thinking and planning about how to minimise the negative consequences for existing communities. Understanding how to better respond to and recover from natural disasters now is an important early step in the adaptation process.

The challenge is to determine how best to use the available information to undertake effective long term adaptation. East Gippsland Shire has been funded to undertake a pilot project examining methodologies for supporting the community of Lakes Entrance to adapt to the future impacts associated with coastal climate change.

Understanding how to engage and work with communities to understand their future exposure and preferred responses to events is a complex process that raises a wide range of social equity, legislative and technical questions that are yet to be fully understood and explored.

Making decisions about investment in adaptive responses is complex and there is a need to develop effective tools and knowledge to understand what level of investment can be justified and at what point changes to infrastructure are required and for how long such investment will provide the necessary protective response. There will also be a need to understand how people in the community will respond to changes and also adapt their responses and behavior.

There has been significant investment seeking to understand appropriate adaptive responses into the future, much of this is captured through the work of the National Climate Change Adaptation Research Facility.

It remains unclear as to how the outcomes of effective adaptation planning will be funded over time however investment will be required to support sustainable community outcomes into the future. There may be merit in considering a shift over time from funding recovery in the most vulnerable parts of Australia to more proactively funding adaptive responses to reduce that vulnerability. An assessment of the value of funding adaptation in areas vulnerable to events may represent effective investment in the future of many communities. A supportive approach to long term adaptation planning may have a significantly positive cost benefit over time compared with the predicted scenario of ever increasing restorative

costs into the future. This is a complex area of decision making and requires significant and coordinated policy and leadership.

5 Conclusions and Recommendations

East Gippsland Shire happens to be a municipality that has significant exposure to natural disasters. We are keen to see this review develop an approach to future funding that is equitable and sustainable.

It is considered that it is impossible to review the Natural Disaster Funding arrangements in order to understand the most appropriate future approach without framing the review in the context of planning to adapt to future climate impacts. Dealing with impacts to our communities will continue and potentially worsen if we don't start to understand how we should plan to mitigate against and adapt to our future environment.

East Gippsland Shire Council therefore recommends that the Commission consider the following matters as part of the review process:

1. Understanding the full scope of the role and contribution already made by Local Government to emergency response and recovery activities in support of their communities.
2. Acknowledge that the risk exposure to communities and Local Government is highly variable as is the capacity of Local Councils to contribute to and resource emergency response and recovery activities.
3. Ensure that objectives for funding associated Natural Disaster programs are developed as an early part of the review process so that these objectives can be used to appropriately shape the future direction of the program without resulting in unintended or unfair consequences for key stakeholders.
4. Recognise that a forward looking review of natural disaster arrangements should be seen in the context of the processes required to plan for adaptation of communities over time and that improving how we respond and develop resilience to natural events is really an early adaptive response which is an important part of adaptation planning.
5. Consider the proposition that a shift to investing in adaptation planning and agreed responses rather than recovery processes would represent a more effective investment of resources in vulnerable communities.
6. Ensure that the need to fund community and individual adaptation as part of recovery processes is equally as important as ensuring that infrastructure is repaired or replaced appropriately as in many cases there will be few options to reduce the direct exposure of existing communities.
7. Examine the role of volunteer labour and donations of funds and goods in the funding of emergency recovery processes.

The EGSC looks forward to the findings and recommendations of the Commission following its deliberations.

Further information and consultation is available through Kate Nelson, Director Planning and Community, East Gippsland Shire.



OUR REGION, OUR PEOPLE, OUR DIVERSITY

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 Shire Council acknowledges the Gunnai Kurnai people and the Bidjawal (Bidwell) people as the traditional custodians of this land.

East Gippsland is a large and vibrant region in a beautiful natural setting, home to proud and involved communities that embrace and encourage self-reliance, responsibility and new ideas.

The past 30 years have seen East Gippsland evolve from its traditional rural origins to a flourishing economic and tourism region in Eastern Victoria, drawing more than one million visitors each year. The region has kept its identity and sense of place as it has grown. The Shire stretches from west of Bairnsdale to the New South Wales border, covering more than 21,000 square kilometres or 10% of the state.

European settlement dates from the 1830s, with land used mainly for sheep and cattle grazing and timber. Substantial growth occurred from the 1880s, as

settlement spread into the more marginal forests and hills. Expansion continued during the early 1900s and during the post-war years. The major commercial centre, Bairnsdale, was proclaimed a city in July 1990.

A thriving fishing industry remains in Lakes Entrance and Mallacoota; and the agrifood sector is of vital importance to East Gippsland with food manufacturing and production fundamental drivers of the regional economy.

Most importantly, East Gippsland's unique qualities are its strength. The region is distinguished by its natural setting, with its eastern edge defined by the Gippsland Lakes and rugged coastline and the rising backdrop of the high country. Historical rural landscapes and natural bushland areas characterise the region, and surround its communities.

The coming years, with well-managed growth, will see the region flourish as a creative, dynamic, diverse place for residents and visitors alike able to compete on a national stage.

OUR PEOPLE

Where do we live?

With more than 42 townships and localities, East Gippsland 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 region's population is mainly concentrated around the Gippsland Lakes in the southwest with relatively sparsely settled areas elsewhere. Bairnsdale, the region's commercial and major regional service centre, supports a population of 12,139.

How do we live?

At the 2011 Census, there were 22,629 dwellings in East Gippsland, ranging from separate houses (86.7% of all dwellings) to medium-density dwellings.

East Gippsland has a high proportion of low-income households (36.8%) compared to the Victorian average and the rest of Gippsland. Housing affordability has become a major issue with approximately 30% of all households in East Gippsland experiencing housing stress (paying more than 30% of household income on housing).

Approximately 4% of East Gippsland housing is social housing, which includes community-based and public housing. (Source: Office of Housing)

Our open spaces

East Gippsland has almost 75% of its 21,051 square kilometre land area under public ownership. Private land amounts to around 4,200 square kilometres, covering the red gum plains and parts of the coastal plains, mountain plateaux and fertile river valleys. Only 64 square kilometres of land is classified as urban. The municipality covers an area of spectacular landscapes and vast natural resources. The open-space assets include large areas of native forests, extensive river and lakes systems, attractive coastlines and diverse flora and fauna. The natural environment also supports the health and wellbeing of our communities and those who visit to experience the 'naturally magic' environment

Population

In the past 10 years, population growth for East Gippsland has remained higher than average for regional Victoria, however our population is growing slowly, with declining household size. The regions of Metung, north-east Bairnsdale and Paynesville are experiencing faster growth.

The average age of East Gippsland residents is 47 years, however the age structure of East Gippsland is changing towards retirees and seniors. An ongoing

shift in population distribution towards the 60+ age group continues, representing 31.8% of our population. By 2021, 45% of the population in East Gippsland is expected to be aged 60+ years.

By contrast, we have a much lower proportion of 20-50 year-olds than the Victorian average. Similar to other rural and regional areas, only 10% of the population is within the 15-24 years age bracket. There have been declines in the number of children aged 10-14 years as well as those in the 35-39 age groups, reflecting some movement of families from the municipality.

The region has a significant Aboriginal population, representing 3.2% of the total population. East Gippsland's Aboriginal population is among the five largest in Victorian Shires. (Source: Community Profile, profile.id®)

OUR DIVERSITY

What do we do?

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. Between 2006 and 2011 in East Gippsland Shire, the number of people in

the labour force increased by 1,167 or 7.3%. (Source: Economic Profile, economy.id®)

An abundance of primary produce and natural resources along with good transport and logistics, ample water, good physical and telecommunications infrastructure and plentiful land supply add to the region's competitive advantages.

Some of Australia's leading brands and businesses operate from East Gippsland including the Southern Hemisphere's largest pie manufacturer, Patties Foods Ltd, which began as a Lakes Entrance cake shop in 1966; southern Australia's largest trawling fishing fleet; and Australia's largest fresh-cut horticulture business, One Harvest Vegco. Innovation is also strong in East Gippsland, with a range of businesses and consultants basing themselves in the region and using communications technology to service their customers around the world.

“More East Gippsland Shire residents work in retail than any other industry.” Source: economy.id

SIGNIFICANT ISSUES

A range of significant issues and emerging opportunities will influence the future of East Gippsland.

Financial sustainability

Local government's role and functions have expanded considerably in recent decades. This has resulted in a 'mismatch' between income that can be raised or sourced and the expenditure needed to maintain and improve infrastructure and services. This is particularly relevant in rural and regional shires due to the requirements placed on rural councils in areas such as waste management reform, the environment and tourism, infrastructure maintenance and renewal, climate change and emergency management, to name a few.

Every new or increased responsibility comes with a cost. While every effort is made to minimise expenditure without impacting negatively on service, Council has only two mechanisms through which it can accommodate rising costs – increases to rates and charges, or grant funding from the Victorian and Australian Governments.

Regional partnerships

East Gippsland Shire Council recognises that by collaborating with all levels of government and the private sector, it can deliver an extended range of infrastructure and services to meet the needs of our communities.

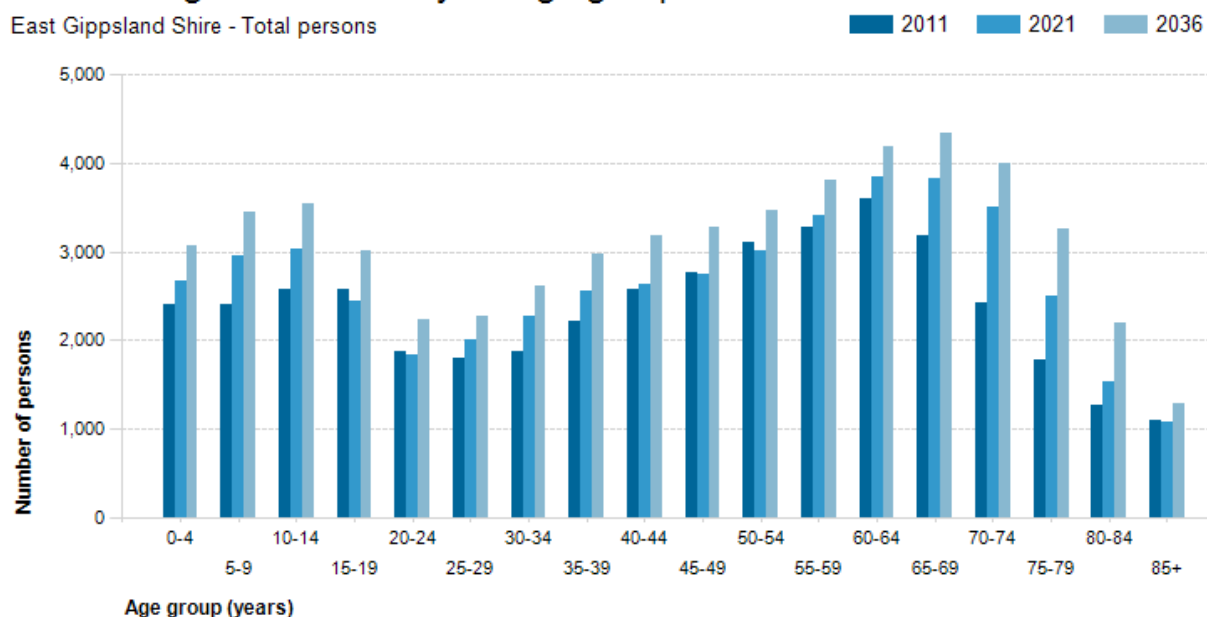
Collaboration and close partnerships enable Council to access greater resources and coordinate strategic responses to issues as they arise. Access to services, health and education, cultural activity, safety and employment affect everyone in different ways and no one level of government can deliver everything. It is essential to work together to maximise available resources and talent and make the greatest difference to our communities.

Population growth

East Gippsland's population pressures are similar to other regional councils in Victoria and sometimes more pronounced. Whereas rural communities are more socially connected and more engaged in community activities, often through volunteerism, some issues relating to personal lifestyle choices require greater effort, often in partnership with local service organisations.

Forecast age structure - 5 year age groups

East Gippsland Shire - Total persons



Population and household forecasts, 2011 to 2036, prepared by .id the population experts, October 2013.



The makeup of our population reflects rural conditions, with a growing percentage of people in the 60 years and over category, more single-person households and a low number of young people, many who chose to move away to study or seek employment in larger urban centres.

We have seen increases in the number of very young children in the municipality, reflected in the growing demand for childcare and early years services, and a decrease in pre-teen children, as families seek different opportunities for employment and education. The current census also shows that 3.2% of the population is Aboriginal and 10.7% were born overseas, mainly from English-speaking countries.

Health and wellbeing

Our lifestyle rates highly, with more people than the Victorian average reporting high levels of wellbeing, time with family, community participation and physical activity. (Source: Community Indicators Victoria).

East Gippsland Shire residents were significantly more likely to volunteer; almost half (48.4%) reported volunteering at least once a month, compared with the Victorian average (34.3%).

Compared with the state average (50.5%), residents of East Gippsland were significantly more likely to report participation in citizen engagement in the previous 12 months (62.2%).

A number of lifestyle indicators will be addressed in the Council Plan.

Physical activity

At present 66.5% of males meet the national physical activity guidelines, higher than for females (51%) and the Victorian male average (61%). Activity within Council's recreation centres and increased development of priority walking trails will work towards addressing the level of physical activity within the community. It will focus on improving participation rates in physical activity.

Overweight and obesity

Currently 71% of males are either overweight or obese compared with 46% of women and the Victorian male average of 57.2%. Council will continue to advocate for improvements in levels of nutrition, access to fresh fruit and vegetables and participation in physical activity, which together influence the levels of overweight and obesity.

Nutrition

Only 53% of people meet the recommended daily intake of fruit and vegetables per day comparable to the 52% average across Victoria. Council will continue to develop improved access to fresh fruit and vegetables in those communities where there are issues with food access and affordability. Partnerships with local service organisations will assist in improving public information on recommended daily intakes and food sourcing.

Psychological stress

With the incidences of fire and flood in East Gippsland in recent years and the effects of downsizing in some industries with predominantly male workforces, there is evidence of above-average reporting of moderate levels of psychological stress in males.

In East Gippsland, 31.7% of males were assessed as having a moderate level of psychological stress compared with 21.5% of males across Victoria. Council will continue to develop Local Incident Management Plans across the municipality to provide a level of information and support for communities to deal with times of increased risk and hazard. Council continues to explore viable economic and employment opportunities in new labour markets, which can address industry change and diversification.

Education

East Gippsland significantly under-performs in educational attainment when compared to regional Victorian and state averages. Approximately 66% of our young people complete Year 12. While school retention rates are improving, they remain below state averages.

Many students and families in East Gippsland consider post-compulsory education unattainable. Data for 2012 shows that only 27% of Year 12 graduates took up higher education places compared with 38% of students in the neighbouring Shire of Wellington and 49% in Melbourne. This trend has also been evident in previous years.

Additionally, 40% of our young people who were offered a university place in 2012 deferred it. This is at least twice the metropolitan deferral rate. Past research shows that for 75% of the students who deferred university in East Gippsland, the reason for deferring is financial.

Within East Gippsland, local access to post-compulsory education is limited and flexible learning options are constrained by inadequate technology platforms.

Council has recognised the need to improve local access to education and training. Council is working on projects with a range of stakeholders to expand the education options available locally and to support students who move to other areas to pursue education and training.

Community facilities

A large geographic area with more than 40 individual communities places significant demand on Council to provide a range of quality community facilities to meet the diverse needs of residents. This includes the provision of marinas, boat ramps, jetties, walking paths, playgrounds, sporting facilities, swimming pools, walking and cycling trails to name but a few.

To prioritise facility and service needs, we have developed a community-planning approach to working with local communities.

Coupled with this is our approach to asset management, which aims to understand and manage whole-of-life costs associated with planning, delivering and maintaining community infrastructure.

Infrastructure management

East Gippsland Shire Council has approximately \$770 million in infrastructure assets, including roads, traffic systems, drainage, parks, leisure facilities and community buildings and facilities, all of which must be properly planned, managed, maintained and renewed.

The construction, maintenance and upgrade of Council infrastructure is necessary for economic development, as well as the provision of health and community services, environment services and general public services required by communities.

Our ability to deliver new infrastructure, while managing existing infrastructure assets, requires us to have appropriate plans, strategies, systems and processes in place.

Economic development

East Gippsland's economy, like the region itself is diverse and resilient. Construction, administrative and support services, agriculture and farming, and accommodation and food are the four strongest industry sectors by financial output. Retail trade is the largest employer.

New business registrations show a continuing trend of new business registration growth, with approximately 662 new business registrations recorded for 2013.

The total annual estimated gross regional product for East Gippsland (a measure of size or net wealth generated by the local economy) for 2012 was \$1.349 million, down slightly from the 2011 figure of \$1.366 million. This reflects the slowing of the local economy and reflects similar trends throughout much of Australia.

Structural change

The last decade has seen significant structural change in the drivers of the East Gippsland economy. Decline in the traditional primary production sectors of timber and broad-acre agriculture has led to economic hardship in some industries and local communities. This has been most apparent in rural townships dependent on timber milling and associated services.

However, during a time of global economic downturn, a drying climate, floods and bushfires, the East Gippsland economy has demonstrated resilience and an ability to adapt to change. The emerging agrifood and manufacturing sectors have provided new opportunities for the region, while regional population growth has supported a growing construction sector. Mining ventures proposed for the region are anticipated to further diversify the region's economy.

While the region can claim overall growth, there are obvious areas of decline, which have caused real hardship to individuals and some communities.

An emerging food bowl

The agrifood sector is of vital importance East Gippsland, with food manufacturing and food production fundamental drivers of the regional economy. The total gross value of agricultural commodities as of June 2011 (ABS) for East Gippsland was valued at \$173.3 million. This is broken down as: crops: \$60.7 million; livestock (meat): \$72.0 million; and livestock (products): \$40.5 million.

With direct access to rich offshore fishing grounds, Lakes Entrance is home to one of Australia's largest fishing fleets while, further to the east, Mallacoota is the base of a significant abalone industry. Fish catches are supplied directly to markets in Melbourne and Sydney. The multi-million dollar East Gippsland fishing industry is the largest employer of this sector in regional Victoria.

A strengthening tourism sector

In 2012 East Gippsland Shire attracted over 1.2 million visitors, comprising 608,000 overnight visitors, 586,000 daytrip visitors and 26,000 international visitors. During 2012 East Gippsland experienced a +16.5% increase in total visitation compared to 2011, but a decrease of -0.1% in visitor expenditure to \$307.6 million, and a decrease of -0.2 nights to 3.3 nights in the average length of stay by visitors.

In 2012 there were 1,504 people employed in tourism in the East Gippsland Shire, an increase of 39 compared to 2011.

Community engagement

Approaches to community engagement require regular review to ensure we can respond to shifts in our communities' needs and expectations. Many of our engagement approaches focus on developing effective working relationships with the community and enhancing their capacity to pursue their aspirations.

Service delivery

In recent years, Council has given particular focus to the way in which it provides services to its more remote communities. Many communities expressed the view that small towns would benefit greatly from increased employment opportunity if services could be locally delivered.

In mid 2011 Council investigated the potential to increase service levels in the remote north and far-east areas of the Shire by establishing place-based works crews. At the same time, Council reviewed externally-provided works.

As a result, Council made the significant decision to move from contract-based to in-house delivery of parks and gardens, tree maintenance and waste transfer station services across the Shire. A new Works unit was created in 2011, with 25 additional staff. The new in-house team commenced in September 2011, with main depots established at Kalimna West and Orbost.

In addition, multi-skilled work teams were established in Mallacoota and Omeo. These changes have increased responsiveness and levels of service, contributed to local economic activity, and provided local employment opportunities and cost savings. In our the more remote communities these operations are supported by multi-purpose Shire Service Centres that provide access to a wide range of Shire services in the local community.

Continuing to provide service excellence will be a major focus as financial resource pressures continue. Issues such as debt management, resource allocation to deliver expected levels of service, and integrating systems and processes will have a considerable impact on our capacity to deliver.

Effective asset management will be critical to the safe operation of facilities, as will be the need for easy access. There will be particular emphasis on new residential developments to ensure facilities and social infrastructure is properly planned.

Transport

East Gippsland Shire faces diverse and complex challenges associated with the geography and demography of a large rural and remote area, where most small and remote communities have little or no public transport. Transport is critical in enabling connectivity and participation within and between communities, access to regional service centres and in increasing liveability in the Shire.

We need a balanced transport system in which public transport is seen as a viable alternative to private car travel and a way to reduce our carbon footprint.

Freight movement is also important for the region, as many of our resource-based industries need effective road and rail freight and logistics to transport goods to markets in Melbourne, Sydney and beyond.

We recognise that transport planning in rural and remote areas requires partnerships across a range of private operators and state and federal transport agencies. Council is active in planning for and advocating for transport infrastructure that connects East Gippsland to its markets, as well as continuing to work on the need to transfer the emphasis from social, community transport to public transport services for the whole community.

Locally, much of Council's budget is spent on providing, maintaining and upgrading many kilometres of local roads and paths.

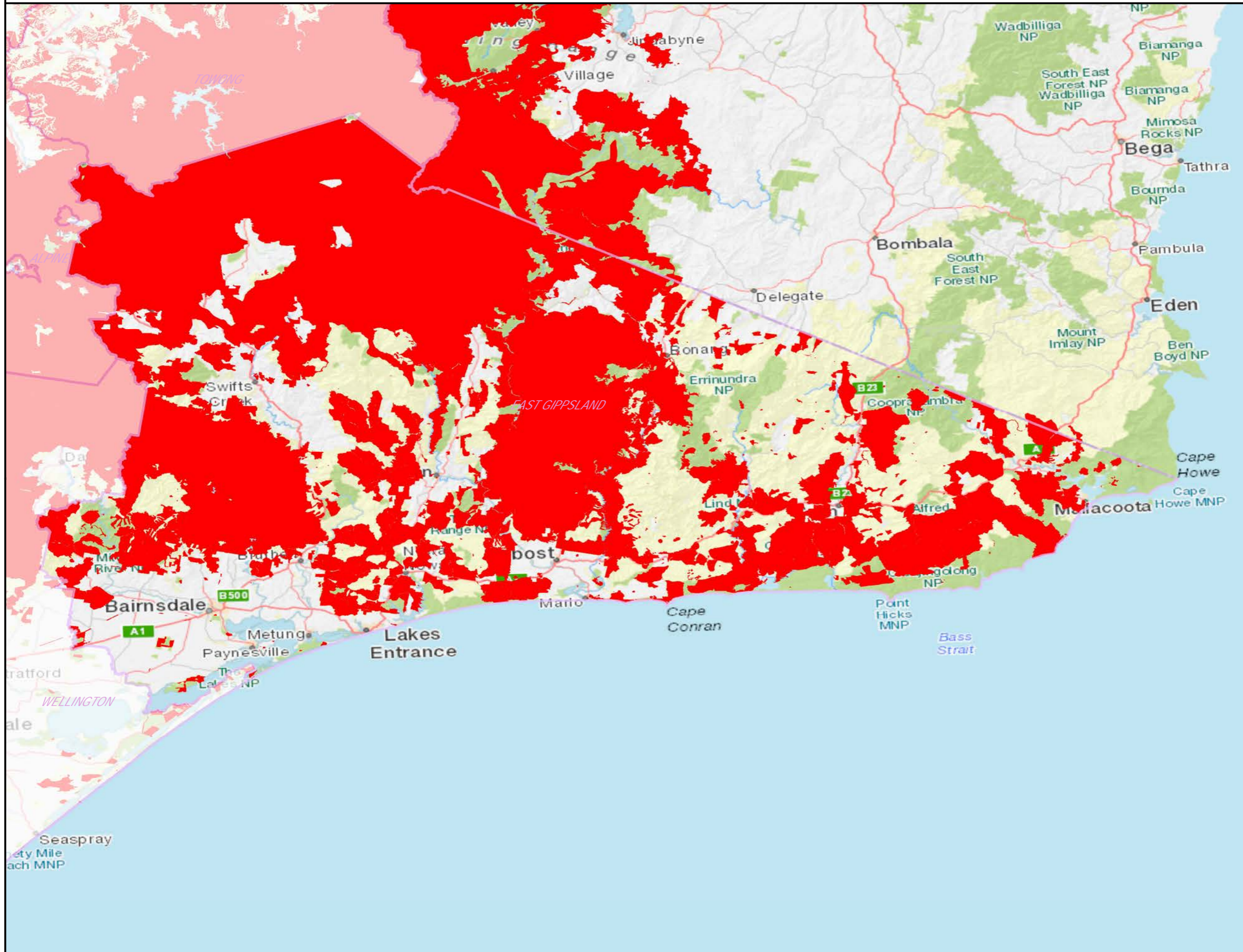
Climate change

East Gippsland Shire is particularly vulnerable to the impacts of climate change associated with sea-level rise, increasing dry conditions and extreme natural events. Work has begun to help us understand the nature and extent of future impacts on our communities. Assisting our communities to adapt to future conditions in a planned way will be a major area of focus for Council.

Waste

Councils face sharply increasing waste disposal costs driven by a legislated requirement to dispose of waste in more environmentally sustainable ways. Ongoing changes to waste management legislation will result in a need to rationalise waste operations and to bring all facilities in line with best practice. It is a Council priority to offer an efficient and environmentally sensitive service across the municipality.

East Gippsland LGA Fire History from 1989

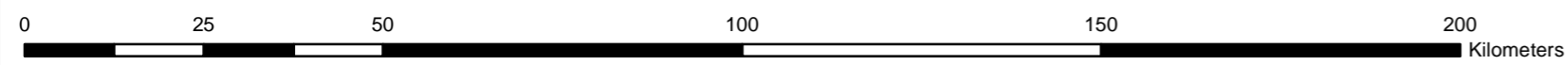


- Legend**
- 20 Year Fire Extent
 - 2013-14
 - MapscapeVicGrid

Explanation: Fire and Flood data sourced from CFA, DEPI, Various CMA's & Local Government.

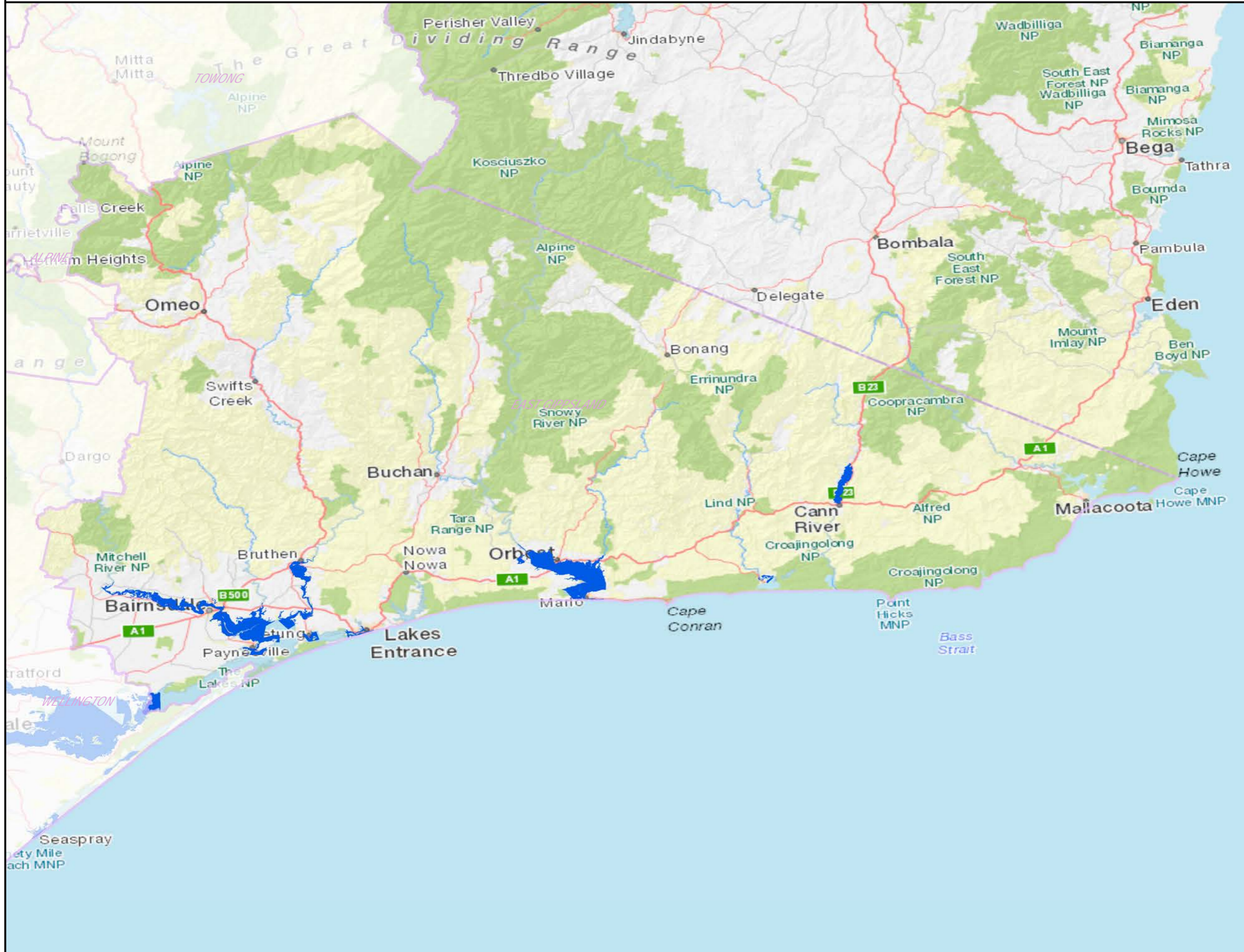


Disclaimer:
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This map has been produced in the Gippsland Region
Date Prepared: June 2014

East Gippsland LGA Flood History from 1989



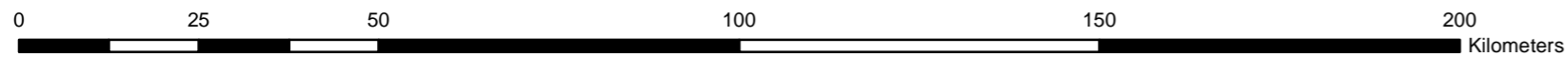
Legend

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Explanation: Fire and Flood data sourced from CFA, DEPI, Various CMA's & Local Government.



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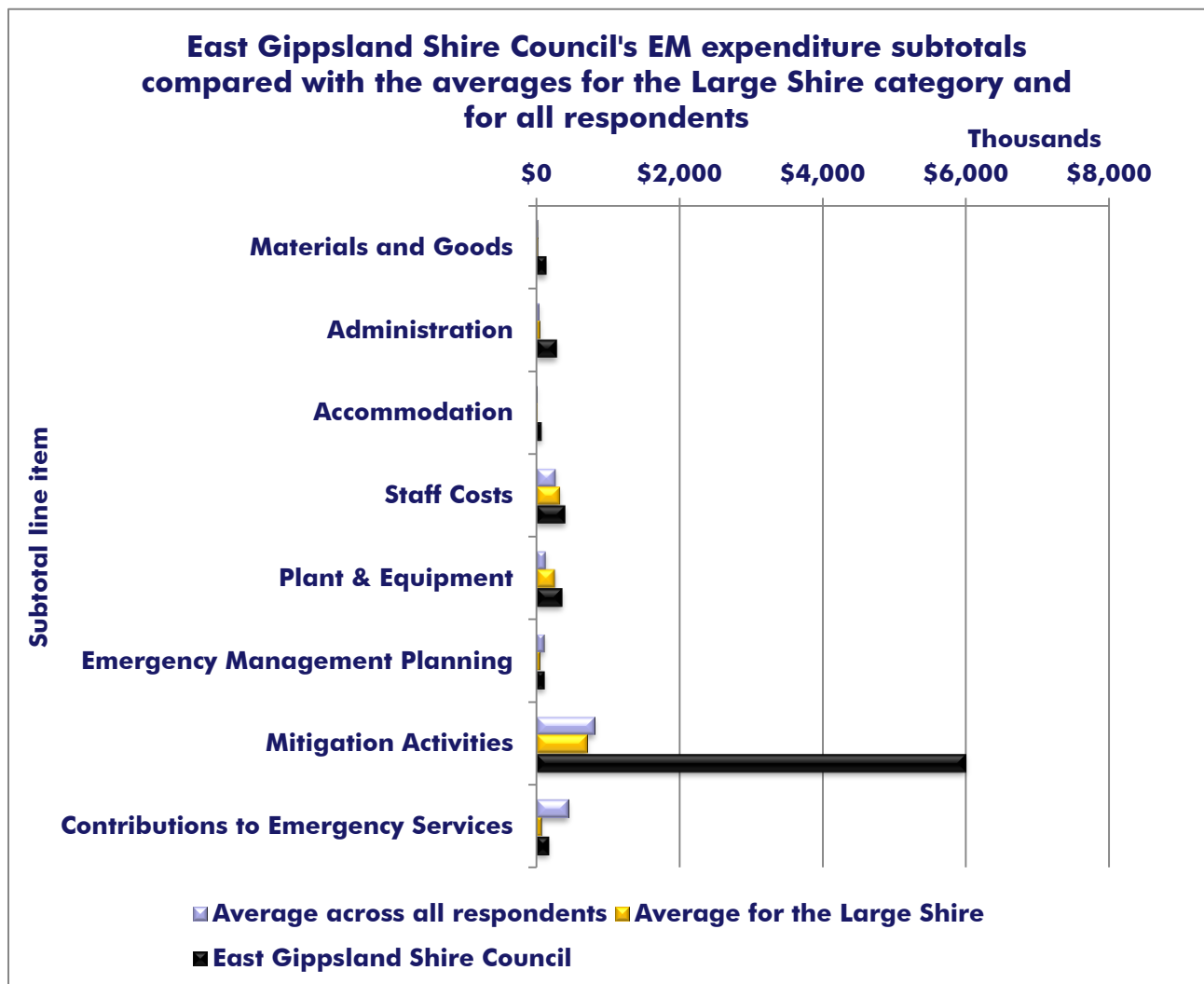


MAV emergency management expenditure profile for East Gippsland Shire Council

The data for this expenditure profile are derived from the MAV's 2012 survey of councils' emergency management expenditure. 80% of councils responded to the survey, supplying figures based on their budgets for 2011-12.

East Gippsland Shire Council's EM expenditure subtotals compared with averages for the Large Shire category and for all respondents.

Subtotal line item	Average across all respondents	Average for the Large Shire	East Gippsland Shire Council
Materials and Goods	\$23,069	\$21,949	\$141,528
Administration	\$42,398	\$53,225	\$289,810
Accommodation	\$15,558	\$16,563	\$76,696
Staff Costs	\$268,377	\$326,623	\$410,051
Plant & Equipment	\$129,926	\$256,731	\$365,300
Emergency Management Planning	\$109,424	\$52,575	\$120,000
Mitigation Activities	\$808,422	\$705,502	\$5,988,912
Contributions to Emergency Services	\$445,348	\$70,466	\$179,237



MAV emergency management expenditure profile for East Gippsland Shire Council

Note: the final questionnaire listed 120 expenditure items and many councils' financial systems do not record emergency management expenditure to that level of detail. As a result, most respondents did not provide data for every line item in the questionnaire, so there may be cells

The ten EM expenditure detail items for which East Gippsland Shire Council differs most from the average for the Large Shire category.

Detailed line item	Average for Large Shire category	East Gippsland Shire Council	Large Shire average minus East Gippsland
Flood mitigation infrastructure maintenance	\$544,133	\$4,300,000	\$3,755,867
Hazard tree removal	\$119,217	\$735,000	\$615,784
Roadside slashing / clearing	\$160,267	\$653,912	\$493,645
Risk management / insurances	\$39,389	\$234,000	\$194,611
Regulatory planning (BAL assessments)	\$23,714	\$120,000	\$96,286
Payroll	\$298,755	\$390,838	\$92,083
Contributions to VicSES	\$56,535	\$132,910	\$76,375
Materials & Goods (other)	\$36,051	\$106,178	\$70,127
Software / licence fees	\$17,023	\$87,000	\$69,977
NSP establishment	\$188,599	\$130,448	-\$58,151

The ten EM expenditure detail items for which East Gippsland Shire Council's expenditure differs most from the average for the Large Shire category

