

SOUTH GIPPSLAND SHIRE COUNCIL

Organisational Performance Report

July 2023 to September 2023



South Gippsland
Shire Council

Contents

About this Report	3
Council Plan Theme: Connecting People and Places	4
Council Plan Theme: Economy and Industry	6
Council Plan Theme: Healthy and Engaged Communities	8
Council Plan Theme: Leading with Integrity	10
Council Plan Theme: Protecting and Enhancing our Environment	12
Council Plan Theme: Sustainable Growth	14
Financial Report	16

Acknowledgment of Country

We acknowledge the Bunurong and Gunaikurnai people as the Traditional Custodians of South Gippsland and pay respect to their Elders, past, present, and future, for they hold the memories, traditions, culture, and hopes of Aboriginal and Torres Strait Islander people of Australia.



Eucalyptus, (genus Eucalyptus)

About this Report

This Report is prepared as a key component of South Gippsland Shire Council's commitment to transparent reporting and accountability to our community and to meet statutory reporting requirements under the *Local Government (Planning and Reporting) Regulations 2020*.

South Gippsland Shire Council developed the following equally important six Strategic Objectives of the Council Plan to guide Council over the years 2022 to 2026:

- Connecting our People and Places.
- Economy and Industry.
- Healthy and Engaged Communities.
- Leading with Integrity.
- Protecting and Enhancing our Environment.
- Sustainable Growth.

South Gippsland Shire Council measures its performance delivering the Plan through:

- Results achieved against the Strategic Objectives in the Council Plan;
- Progress against the Annual Major Initiatives identified in the 2022/23 Annual Budget; and
- Progress against the Measures of Success Indicators to monitor relevant trends (reported six-monthly).



Council Plan Theme:

Connecting our People and Places

Objective

Improving the safety and condition of our sealed and gravel road networks and connectivity for residents and basic services is a major community and Council priority.

We commit to continuous safety improvement in our road management, planning and processes, and a commitment to advocacy for public and community transport options and Shire wide digital connectivity.

Priorities

- Continuously improve our road maintenance processes and community feedback mechanisms.
- Prioritise safety black-spots with advocacy for appropriate speed limits, signage and traffic calming measures.
- Advocate for improved regional connections and improved maintenance of the infrastructure.
- Enhance the network of trails and footpaths to improve pedestrian accessibility and flow to create all-ability connections between towns, tourism sites, health services and within local neighbourhoods.
- Plan and advocate for public and community transport solutions to connect residents to our larger service towns and health services.
- Advocate for whole of Shire digital telecommunications coverage and emergency backup planning.

Achievements to Date:




- Meeniyan Community Hub contract awarded.
- Korumburra Community Hub close to completion.
- Contract for the Korumburra-Bena Football Netball changerooms awarded.
- Annual Resheet program on track.
- Mirboo North car park significantly progress.
- Venus Bay Streetscape work underway.



Pictured: The Korumburra Community Hub is close to completion

Major Initiatives

The following comments review the performance of South Gippsland Shire Council against the 2023/24 Annual Initiatives of the 2022-2026 Council Plan identified in the 2023/24 Budget.

Initiative	Comment	Percentage Complete
Successful implementation and use of the revised Community and Economic Infrastructure Blueprint.	Community Requests are referred to the Blueprint Process and Community Infrastructure Advisory Committee which will convene in late November 2023.	 25%
<p>Deliver capital works program.</p> <p>The sustainability and improvement of Council's infrastructure will be measured by the percentage of completed capital works projects due for delivery in the current financial year, excluding grant funding reliant projects with funding pending.</p>	<p>The capital works program has grown from the adopted Annual Budget due to the addition of carry-forward projects from 2022/23 and grant funded projects such as the road safety Blackspot Program and Local Roads and Community Infrastructure Program. Many projects and programs are being tendered or are underway, however the size of the program is ambitious to achieve by end of financial year.</p>	<p>MONITOR</p>
Develop designs for sealing priority gravel roads (a minimum of two kilometres per annum).	Detailed design and planning for North Poowong Road Nyora gravel-to-seal is underway. This is a significant piece of work that is involving negotiations with state and federal authorities for the removal of native vegetation and potential impact on Gippsland Giant Earthworm habitat.	 10%
Improve the conditions of gravel roads via ongoing additional investment in the annual Resheet Program.	Annual Resheet program has begun and is on track.	 25%

Council Plan Theme: Economy and Industry

Objective

The next four years are a time of change and growth for South Gippsland. We see this as an opportunity to define who we are and grow our economy, and to welcome innovation and investment in our key industries; agriculture, tourism and the arts.

Farming is our economic backbone and we will actively encourage investment, partnership and new business aligned with our core rural and environmental values.

We see the arts and tourism as a way to share our story, to welcome newcomers and support economic growth, whilst communicating and protecting what's special about our environment and way of life.

We understand the need to act now for future generations to contribute to our long-term viability, so we will focus on providing more reasons for young people to stay, study, work and invest in South Gippsland.

Priorities

- Support agriculture, food and fibre production to remain a competitive and significant contributor to our local and national economy.
- Strengthen economic resilience and encourage innovation to build the economy of the future.
- Enhance and diversify the visitor experience through investment attraction, product development, strategic branding, and marketing.
- Ensure land use planning and economic development are aligned to facilitate appropriate business investment, particularly in areas zoned for commercial, industrial, farming and rural activity zones.
- Implement our Economic Development, Visitor Economy and Art, Culture and Creative Industries strategies to strengthen our economic output, jobs and creative industries.
- Provide career pathways through Council supported scholarships, traineeships and apprenticeships, mentoring programs and work experience.
- Encourage commercial opportunities for improved visitor accommodation, encouraging tourists to visit and remain longer in our region.
- Partner with youth, education providers and industry to facilitate education and employment pathways.

ACHIEVEMENTS TO DATE:






- Art Cubes programmed for 2023 and into 2024.
- Council participation in New Energy Conference and Gippsland Youth New Energy Jobs Summit
- Commencement of Renewable Energy Impact and Readiness Study in partnership with Latrobe City
- Roll out of new South Gippsland brand continues
- Railway Precinct Mural projects continue with Leongatha Expression of Interest process completed and Korumburra process completed.
- Scope developed for a Strategic Plan for Coal Creek Community Park and Museum.
- Events funding contribution of \$55k to Events Gippsland for 2023/24 finalised.



Pictured: ArtCubes on location at Coal Creek Community Park and Museum

Major Initiatives

The following comments review the performance of Council against the 2023/24 Annual Initiatives of the 2022-2026 Council Plan identified in the 2023/24 Budget.

Initiative	Comment	Percentage Complete
<p>Continue the annual contribution (second year of three-year commitment) to Event Gippsland's event acquisition fund to support, attract and deliver events to South Gippsland.</p>	<p>Council's funding contribution of \$55,000 to Events Gippsland for 2023/24 has been finalised.</p>	
<p>Implement the annual action plan of the 2021–2031 Economic Development Strategy.</p>	<p>Implementation of actions include:</p> <ul style="list-style-type: none"> • Participation in New Energy Conference and Gippsland Youth New Energy Jobs Summit. • Commencement of the South Gippsland and Latrobe City Renewable Energy Impact and Readiness Study. • Preparation of the Draft Industrial Land Supply Strategy. • Coordination of delegation of Councillors to the Victorian Small Business Commissioner. • Delivery of the manufacturing business tour. • Facilitation of Sustainable Hunting Information Session with Food and Fibre Gippsland. • Participation in SEATS August Conference. 	
<p>Implement the annual action plans of the 2021–2031 Visitor Economy Strategy and the 2022-2031 Great Southern Rail Trail Visitor Experience and Marketing Plan to encourage tourism and visitation across the Shire.</p>	<p>Implementation of actions include:</p> <ul style="list-style-type: none"> • Roll out of new South Gippsland brand with the Official Touring Guide and other promotional and marketing material. • Finalising the interpretative signage for the Great Southern Rail Trail. • Commencement of review of the Great Southern Rail Trail website. 	
<p>Implement the annual actions of the Arts, Culture and Creative Industries Strategy.</p>	<p>Implementation of actions include:</p> <ul style="list-style-type: none"> • Review of the Public Arts Policy and Arts and Civic Memorabilia Policy commenced. • Artist engagement process for Leongatha Railway Precinct Mural completed. • Expression of Interest for Korumburra Railway Precinct Mural commenced. • Programming of Arts Cubes within the Shire. 	
<p>Commence the development of a Strategic Plan for Coal Creek Community Park and Museum.</p>	<p>Project scope developed.</p>	

Council Plan Theme: Healthy and Engaged Communities

Objective

Regional Australia is going through unprecedented growth and demographic change and Council plays an important role in advocacy across all levels of government to attract funding and implement planning controls that ensure South Gippsland's growth is socially, environmentally and economically sustainable. The unique environmental values and cultural heritage of our 28 towns, villages and hamlets are a drawcard to the region. We will protect the visual character of our landscapes and streetscapes via community plans, land-use reviews, environmental assessments and township design frameworks.

Council will plan for sustainable growth with an appropriate mix of residential properties, farming and lifestyle, industrial and commercial properties, encouraging affordable housing projects, options for aged and health care, and suitable investment in services, transport, childcare and open space.

We value local knowledge, history and experience, and are committed to including the community in conversations around important change decisions and processes. We will consider the environmental and cultural impacts of growth and land use change in our actions and decision making.

Priorities

- Develop a strong relationship and partnership with the Bunurong and Gunaikurnai people to support our common environmental, cultural, social and economic objectives.
- Create places and spaces for people to connect and participate in local activities, sports and leisure, community events, and enjoy our libraries, parks, gardens and coastal areas.
- Advocate for improved health services for our community.
- Foster a sense of belonging and connectedness through involvement in community groups, fostering community leadership and engaging with our creative industries.
- Support and celebrate our volunteers through community grants and National Volunteer Week.
- Advocate for increased access to early years services including kindergarten, playgroups, childcare and for equitable access to health and social services for our community.

Achievements to Date:

- Cultural Awareness Scope developed.
- South Gippsland and Bass Coast Partnership formed to assist in the prevention of family violence.
- South Gippsland and Bass Coast Community Supports Booklet released.
- A grant to investigate Early Years Service in Mirboo North was received.
- Round One consultation on the General Local Law has been completed.
- Community Planning Network continues to meet quarterly.



Pictured: Participants at a General Local Law engagement in Nyora

- Support community sport and recreation groups to grow, to build our healthy communities and enhance community connections.
- Partner with youth, education providers and industry to facilitate education and employment pathways.

Major Initiatives

The following comments review the performance of Council against the 2023/24 Annual Initiatives of the 2022-2026 Council Plan identified in the 2023/24 Budget.

Initiative	Comment	Percentage Complete
Engage with recognised First Nations groups to strengthen Council's knowledge, connection and understanding of the traditional custodians in South Gippsland.	Scope for Cultural Awareness Training being developed in consultation with Gippsland Land and Water Aboriginal Corporation representatives.	MONITOR
Implement actions from the 2022-2026 Municipal Public Health and Wellbeing Plan.	Implementation of actions include: <ul style="list-style-type: none"> • Formation of the South Gippsland and Bass Coast Partnership to prevent family violence. • Delivery of Live4Life Program. • Establishment of South Gippsland Youth Council. • Delivery of the South Gippsland and Bass Coast Community Supports Booklet, third version. 	25%
Continue to facilitate Community Plan development, consistent with the objectives of Council's Community Strengthening Strategy.	Continued support of communities to develop and review their Community Plans. Community Planning Network meets quarterly.	25%
Support and provide funding towards the Live4Life Youth Program. Delivered in partnership with Bass Coast Shire Council and secondary schools across the two municipalities.	Funding was committed from South Gippsland and Bass Coast Shire Councils. Further funding and sponsorship opportunities continue to be investigated.	25%
Complete the review of the General Local Law 2014 and develop the General Local Law 2024.	Initial community engagement has been completed and the draft General Local Law 2024 is being prepared for further engagement.	25%
Implement the annual priorities from the Early Years Position Paper.	An Early Years Project Officer was appointed to implement the actions from the <i>Position Paper: Council's Role in the Early Years</i> . A planning grant to investigate early years services in Mirboo North was received and an updated facilities guide has been developed.	25%
Annual implementation of the Domestic Animal Management Plan (DAMP) 2022-2025.	Delivery of Domestic Animal Management Action Plan including the review of training, changes to registration processes and inspection of Domestic Animal Businesses.	25%

Council Plan Theme: Leading with Integrity

Objective

Over the next four years, we will endeavour to always lead with integrity, care, good governance and accountability. Council will be outward focused and engage regularly and genuinely with our community.

We recognise trust between Council and the community was broken, and that it's our job to earn that trust back, and to do that we first must be trustworthy.

We will not always get everything right but promise to always look for continuous improvement in the way we do things, to listen to your problems and ideas, to answer your questions and genuinely engage with you around the challenges ahead in these uncertain times.

Council will provide and promote community leadership, investing in our people and the people of South Gippsland. We are a new Council, this is a new relationship, our firm commitment is that we will listen to learn, and act with integrity. We hope you join us.

Priorities

- Understand our community's priorities, ensure their needs are being met, and engage openly and often.
- Place our community at the centre of everything we do and be outward focused.
- Explore alternatives for revenue opportunities and manage our resources sustainably.
- Develop our people to build our organisation's capacity, create efficiencies and deliver quality services to the community.
- Strategically advocate with our partners to the State and Federal Government on issues and opportunities that impact our community.
- Invest in the leadership skills of existing and emerging community leaders, volunteers, community groups and networks.
- Support community sport and recreation groups to grow, to build our healthy communities and enhance community connections.
- Partner with youth, education providers and industry to facilitate education and employment pathways.

Achievements to Date:

- Scope for Customer First Training for Council developed.
- A list of advocacy projects has been developed and the Level One priorities will be considered by Council for endorsement in October.
- Initial cyber security assessments have been completed.
- The 2022/23 Community Leadership Program was successfully completed.
- Infrastructure Maintenance Service Review has been significantly progressed.



Pictured: 2022/23 Community Leadership Program participants

Major Initiatives

The following comments review the performance of Council against the 2023/24 Annual Initiatives of the 2022-2026 Council Plan identified in the 2023/24 Budget.

Initiative	Comment	Percentage Complete
Continue implementation of Customer First project.	Customer First Training scope has been developed and suitable training providers are being considered.	10%
Strengthen Council's Privacy and Cyber Security mechanisms to improve safety of Council data and systems.	Initial assessments have been performed to identify core target areas to provide best organisational value. Governance, compliance assessment and training remain high priorities to improve Council's posture.	25%
Annual Budget (plus 3-year plan) (2024/25 – 2027/28) and Financial Plan (10-year Plan) (2024/25 – 2033/34) to be adopted by 30 June 2024.	Work on the Annual Budget has commenced.	5%
Council meets its legislative requirements for financial performance reporting via the 2023/24 Annual Report process and unqualified VAGO Audit.	On track and action will be completed as part of the 2023/2024 Annual Report.	25%
Develop and adopt Council's 2023/24 Advocacy Priority Projects.	A list of Council advocacy projects has been created and measured against Council's Advocacy Strategy principles. Level One ranked priorities will be considered for endorsement in October.	25%
Explore partnership opportunities with other councils towards the delivery of a Community Leadership Program in 2024/25.	The 2022/23 Community Leadership Program was successfully completed. A review of the program has commenced investigating partnerships with neighbouring councils.	50%
Lead an outwardly focused, innovative and financially sustainable organisation that delivers maximum community benefit by conducting Service Reviews and Business Improvement of individual services.	An Infrastructure Maintenance Service Review has been significantly progressed and an agreed vision has been developed. The Service Review is expected to be completed by December. Additionally, a review of Council's Passenger Vehicle Policy has commenced to ensure the fleet is efficient and meeting the needs of Council.	20%

Council Plan Theme:

Protecting and Enhancing our Environment

Objective

Agriculture, bushland, residential and tourism can thrive side by side. South Gippslanders will leave a legacy of a healthier integrated environment for future generations. Council will proactively work with landholders and land management agencies in preparing for changes in weather patterns, extreme storms, flooding and coastal erosion and the impacts of climate change.

Our aim is to support appropriate regeneration and revegetation initiatives and the development of bio-link corridors, particularly around our waterways, and acknowledge the importance of protecting our agricultural land's bio-security, whilst expanding biodiversity. We will do this with community partnerships, planning controls and weed and feral pest management education, and support for those who farm our lands.

Over the next four years, we will reduce landfill across the Shire via our circular waste strategy. In our own organisation, we are setting a target of reducing our emissions through energy and waste efficiency measures. We will also drive change toward improved consumer behaviour of all in our Shire, through a 'buy less' campaign whilst also encouraging residents to reduce, reuse and recycle.

Priorities

- Understand our community's priorities, ensure their needs are being met, and engage openly and often.
- Place our community at the centre of everything we do and be outward focused.
- Explore alternatives for revenue opportunities and manage our resources sustainably.
- Develop our people to build our organisation's capacity, create efficiencies and deliver quality services to the community.
- Strategically advocate with our partners to the State and Federal Government on issues and opportunities that impact our community.
- Invest in the leadership skills of existing and emerging community leaders, volunteers, community groups and networks.
- Build resilience in our community and organisation to mitigate risk and damage caused by extreme weather events.

Achievements to Date:

- The Integrated Water Management Plan has commenced with an initial stakeholder meeting completed and another to follow later this year.
- A Waste and Resource Recovery Plan is currently underway with engagement to commence later in 2023.
- Tree replacement in Toora (Grip Road) has commenced.



- Empower our community through education and information to improve their waste management.
- As part of the Domestic Animal Management Plan, investigate enforceable dogs on leashes and curfews for domestic cats.
- Engage with the relevant State Government agencies regarding the use of jet skis in relation to personal safety, amenity and threats to marine wildlife

Major Initiatives

The following comments review the performance of Council against the 2023/24 Annual Initiatives of the 2022-2026 Council Plan identified in the 2023/24 Budget.

Initiative	Comment	Percentage Complete
Continue to support Landcare's advocacy for improved pest management and control including feral animals within the Shire.	Council has continued to look for opportunities to engage and support Landcare advocacy for improved pest management and control including feral animals within the Shire.	25%
Annual implementation of the Domestic Wastewater Management Plan (DWMP) 2022-2026.	Actions from the Domestic Wastewater Management Plan are being implemented and include the development of a new sampling and compliance program.	25%
Commence implementation of Council's Integrated Water Management (IWM) Plan for South Gippsland.	The Integrated Water Management Plan has commenced with a stakeholder meeting held and data provided for analysis. Draft Report anticipated by mid October. Next Stakeholder meeting scheduled for November 2023.	25%
Finalise the development of the Waste Management Plan (formerly Waste Management Strategy).	Development of a Waste and Resource Recovery Plan has commenced and a Communications Plan has been drafted.	25%
Commence the development of a Climate Action Plan.	Scope under development.	10%
Implement and maintain the Tree Replacement Plan for trees removed by Council.	<p>The Street Tree Replacement Program is well underway and nearing completion.</p> <p>Currently undertaking consultation with the Toora community regarding Grip Road tree removal (10 trees in total). It is planned to replace the trees with an appropriate species in accordance with the planning permit.</p>	25%

Council Plan Theme: Sustainable Growth

Objective

Regional Australia is going through unprecedented growth and demographic change and Council plays an important role in advocacy across all levels of government to attract funding and implement planning controls that ensure South Gippsland's growth is socially, environmentally and economically sustainable.

The unique environmental values and cultural heritage of our 28 towns, villages and hamlets are a drawcard to the region. We will protect the visual character of our landscapes and streetscapes via community plans, land-use reviews, environmental assessments and township design frameworks.

Council will plan for sustainable growth with an appropriate mix of residential properties, farming and lifestyle, industrial and commercial properties, encouraging affordable housing projects, options for aged and health care, and suitable investment in services, transport, childcare and open space.

We value local knowledge, history and experience, and are committed to including the community in conversations around important change decisions and processes. We will consider the environmental and cultural impacts of growth and land use change in our actions and decision making.

Priorities

- Manage urban growth within defined town boundaries to deliver fit-for-purpose infrastructure in partnership with other agencies that share this responsibility.
- Protect the character of our communities, including our built, natural and cultural heritage.
- Celebrate our communities and foster a sense of pride in the unique characters of our townships.
- Support new developments that include diverse block sizes and make a positive long-term contribution to the community and increased affordable housing opportunities.
- Support our coastal communities to respond to existing and emerging risks to their liveability and environmental health.
- Align land-use planning and economic development planning to facilitate appropriate business investment.
- Investigate opportunities to better manage the impacts of unregistered Short Stay Accommodation.

Achievements to Date:

- Coastal Strategy adopted at the September Council Meeting.
- Council land assessment to determine appropriateness for affordable housing has commenced.
- Review of Planning Scheme Amendment preparation has been completed by the Department of Transport and Planning.
- Discussions with Homes Victoria and community housing organisations have commenced.



Major Initiatives

The following comments review the performance of Council against the 2023/24 Annual Initiatives of the 2022-2026 Council Plan identified in the 2023/24 Budget.

Initiative	Comment	Percentage Complete
Implement actions from the Social and Affordable Housing Strategy.	Implementation of actions include: <ul style="list-style-type: none"> • Discussion with Homes Victoria to investigate options for funding. • Relationship building with community housing organisations underway. • Advocacy support to various inquiries and government workshops. • Commencement of Council land assessment to determine appropriateness for affordable housing. 	25%
Implement actions from the Industrial Land Supply Strategy.	The draft Industrial Land Supply Strategy is being prepared and this will outline key actions for implementation.	IN PROGRESS
Undertake Planning Scheme Amendments to implement the recommendations from the recent review of South Gippsland Shire Planning Scheme.	Planning Scheme Amendment preparation and authoring has been completed and reviewed by the Department of Transport and Planning.	25%
Implement the findings of the Coastal Strategy investigation and recommend new Planning Scheme provisions through a Planning Scheme Amendment (Part Two).	The Coastal Strategy was adopted at the September Council meeting.	25%
Review planning controls for the LDRZ land north of the Railway Reserve in Nyora, with the intent of controlling the form and density of residential subdivision to protect the planned future conversion of this land to higher density residential living.	Working closely with the Victorian Planning Authority on project development.	25%

Financial Report



Section 1: Financial Report Overview and Progress

1st Quarter FY2023/24

- YTD net operating deficit (\$0.4 million), which is \$2.9 million favourable to the YTD approved forecast deficit (\$3.4 million).
- YTD cash deficit (\$2.3 million), which is \$2.7 million favourable to the YTD approved forecast deficit (\$4.9 million).
- YTD expenditure on capital works projects is \$4.4 million, 7 per cent ahead of the \$4.2 million YTD approved forecast.
- \$29.3 million invested in term deposits, \$8.6 million held in at call account. The average investment rate during September was 4.71 per cent.
- Total borrowings is currently at \$9.0 million.

1.1 Management Accounting Result

Whilst the Financial Statements are prepared in accordance with Australian Accounting Standards, they contain several items which are “non-cash” in nature such as depreciation on assets and the written down (book) value of assets sold. They also exclude capital expenditure, new borrowings and loan repayments and as such, these Statements do not provide an accurate indication of the surplus/deficit cash position within a financial year. The statement below provides a management accounting summary of the financial performance for the period 1 July 2023 to 30 September 2023 which removes non-cash items and adds back cash items that are excluded from the financial statements.

	Year to Date			Full Year		
	Actual YTD FY24 \$'000	Approved Forecast \$'000	Variance Fav/ (Unfav) \$'000	Approved Forecast \$'000	Adopted Budget \$'000	Variance Fav/ (Unfav) \$'000
Income Statement						
Income	18,067	17,423	644	85,671	80,714	4,957
Expenditure	18,452	20,777	2,325	74,628	72,049	(2,579)
Net Surplus / (deficit) – ongoing operations	(385)	(3,354)	2,969	11,043	8,665	2,378
Management Accounting Result						
<i>Add back (less) non cash items</i>						
Depreciation	3,158	3,035	(123)	12,047	12,047	0
Amoritisation – right of use assets	23	23	0	92	92	0
Amoritisation – intangible assets	0	0	0	0	0	0
Landfill provision	0	0	0	0	0	0
Contributions – non-monetary	0	0	0	(431)	(431)	0
Assets written off	0	0	0	0	0	0
Found assets (recognised)	0	0	0	0	0	0
Fair value adjustments of investment properties	0	0	0	0	0	0
Written down value of assets sold/ disposed	41	241	200	2,111	1,824	(287)
Sub total	3,222	3,299	77	13,819	13,532	(287)
Net operating surplus	2,837	(55)	3,046	24,862	22,197	2,091
<i>Less (add) non operating cash items</i>						
Capital Works expenditure	4,439	4,168	(271)	42,500	36,833	(5,667)
Transfers to/(from) Reserves	417	417	0	434	434	0
New loan borrowings	0	0	0	(3,150)	(3,150)	0
Loan Repayments	233	278	45	1,112	1,112	0
Lease Repayments	22	24	2	96	96	0
Sub total	5,111	4,887	(224)	40,992	35,325	(5,667)
Cash surplus / (deficit)	(2,274)	(4,942)	2,668	(16,130)	(13,128)	(3,002)

The movement between Adopted Budget and Approved Forecast is attributed to year end carry forwards from 2022/23, as endorsed by Council in the 2022/23 Carry Forwards and End of Year Financials report on 18 October 2023.

Year to date (YTD) income is \$18.0 million which is \$0.6 million more as compared to the approved forecast. YTD expenditure is \$18.5 million which is \$2.3 million less as compared to the approved forecast. Council is \$3 million favourable to the net YTD forecast.

The overall management accounting result, after removing non-cash items for the period shows a deficit of \$2.3 million, caused by capital works expenditure undertaken in the period.

Major YTD income and expense variances against the approved YTD forecast are detailed below.

Operating Income

The table below shows the categories of operating income against their respective year to date forecasts.

	YTD Actual \$'000	YTD Forecast \$'000	YTD Variance \$'000
Rates and Charges	12,997	12,558	439
Statutory Fees and Fines	228	274	(46)
User Fees	371	622	(251)
Grants – Operating	899	720	179
Grants – Operating (Natural Disasters)	0	9	(9)
Grants – Capital	2,987	2,597	390
Grants – Capital (Natural Disasters)	0	18	(18)
Contributions – Monetary	(170)	69	(239)
Contributions – Non monetary	0	108	(108)
Net Gain on Disposal of PIPE	8	(172)	180
Other Income	747	620	127

Income Variances against Approved Forecast

Category	Variance (Fav/Unfav) \$'000	Commentary
User Charges	(251)	Due to receiving fewer Council fees and charges at the landfill than anticipated, at this stage a timing issue only.
Grants – Operating	179	Due to receiving grant funding for the Mirboo North Early Learning Centre, which was not budgeted for. Year-end impact to be determined in mid-year review.
Grants – Capital	390	Due to the grant funding received for Phase 4 of the Local Roads and Community Infrastructure Program that was not budgeted for. Year-end impact to be determined in mid-year review.
Contributions – Monetary	(239)	Due to statutory planning open space contribution income that we anticipated to be paid as cash, but the applicant has sought to rely on land provision to satisfy the open space obligations.
Contributions – Non monetary	(108)	Due to no non-monetary contributions recorded up to the end of September 2023. Timing issue only.
Other Income	127	Largely due to interest income earned above budget as a result of increasing interest rates. The year-end impact is to be determined as part of the mid-year review.

Operating Expenses

The table below shows the categories of operating expenses against their respective year to date forecasts.

	YTD Actual \$'000	YTD Forecast \$'000	YTD Variance
Employee Costs	6,792	7,299	507
Materials and Consumables	7,349	9,263	1,914
Natural Disasters	76	0	(76)
Depreciation	3,158	3,035	(123)
Borrowing Costs	28	54	26
Other Expenses	1,049	1,126	77

Expense Variances against Approved Forecast

Category	Variance (Fav/Unfav) \$'000	Commentary
Employee Costs	507	Due to year-end provisions that are reversed at the end of the year, as well as the timing of employees taking annual leave.
Materials and Consumables	1,914	This underspend is due to delays across the organisation in Garbage and Recycling Collections (\$424,000), Swimming Pools (\$421,000), Resheets (\$268,000), Periodic Drain Maintenance (\$218,000), Sealed Roads (\$122,000), Rates and Charges (\$120,000), Parks and Gardens (\$113,000) as well as Operational Support (\$108,000). This is a timing difference only at this stage and is not expected to impact the year-end position.

1.2 Capital Works

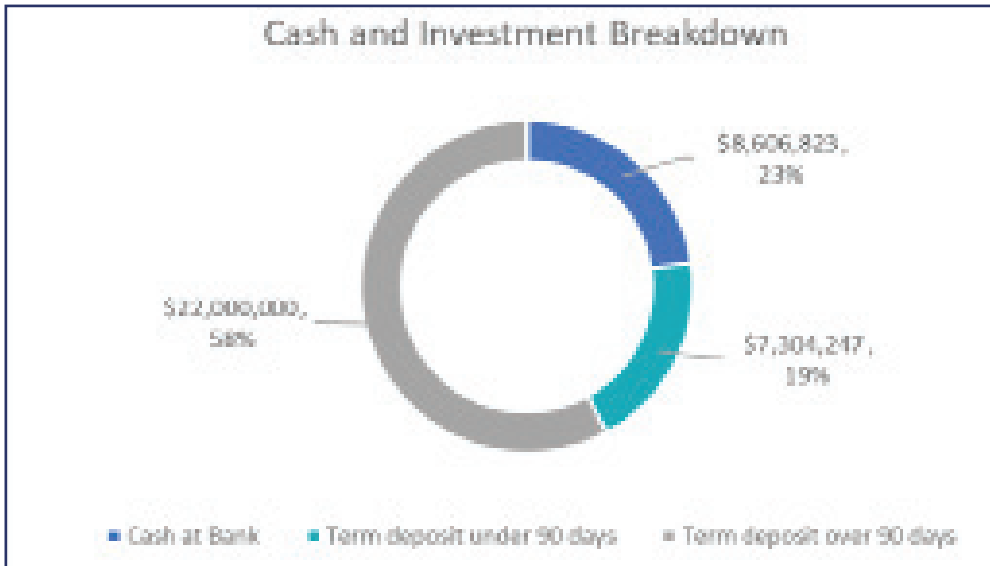
The Capital Works program comprises of asset renewal, expansion, upgrade and the investment in new assets.

Capital expenditure to 30 September is \$4.4 million is largely on track to the forecast \$4.2 million. The minor variance is primarily due to timing, with an underspend on the Local Roads and Community Infrastructure program year to date.

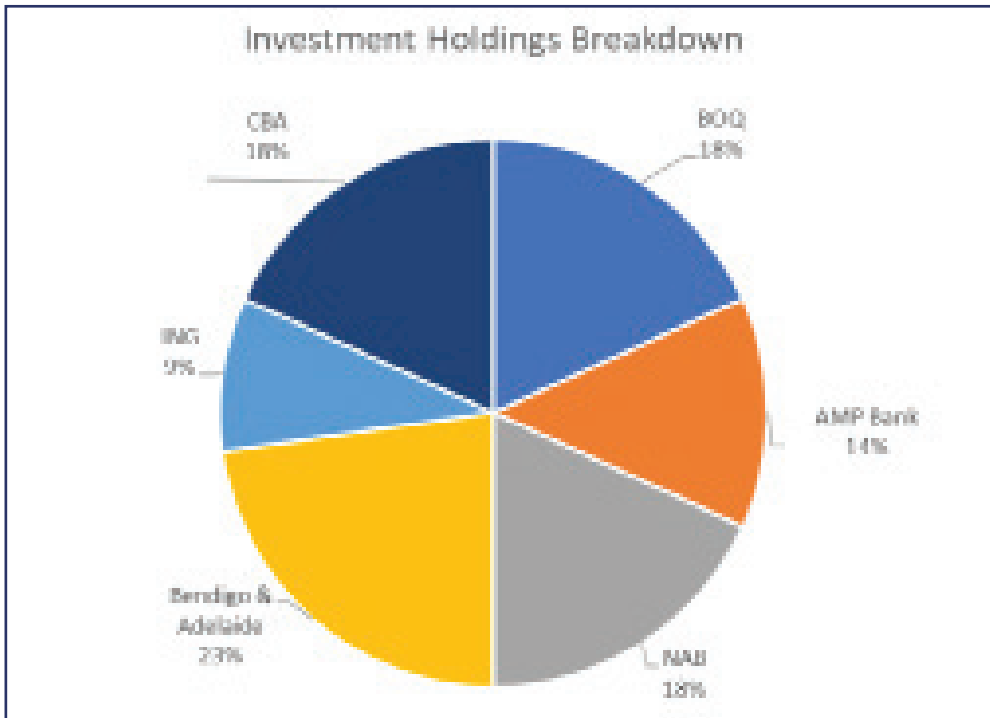
	Year to Date			Full Year	
	Actual YTD FY24 \$'000	Approved Forecast \$'000	Variance Fav/ (Unfav) %	Approved Forecast \$'000	Adopted Budget \$'000
Property					
Buildings	520	480	(8)	8,335	7,090
Total Property	520	480	(8)	8,335	7,090
Plant and Equipment					
Plant, Machinery and Equipment	1,307	1,209	(8)	4,618	3,825
Computers and Telecommunications	127	82	(55)	985	985
Total Plant and Equipment	1,434	1,291	(11)	5,603	4,810
Infrastructure					
Roads	1,161	1,075	(8)	11,719	10,821
Bridges	(5)	0	(100)	287	263
Major Culverts	35	35	0	212	100
Footpaths and Cycleways	96	73	(32)	1,158	900
Drainage	48	48	0	184	184
Car Parks	215	214	(0)	449	0
Land Stabilisation	0	0	0	0	0
Kerb	80	0	(100)	0	0
Waste	274	221	(24)	4,289	3,967
Other Infrastructure	581	731	21	10,264	8,698
Total Infrastructure	2,485	2,397	(4)	28,562	24,933
Total Capital Works Expenditure	4,439	4,168	(7)	42,500	36,833

1.3 Treasury

Cash and investment holdings total \$37.9 million as of 30 September 2023, a decrease of \$11.2 million from the 30 June 2023 balance of \$49.1 million. Council has \$29.3 million in term deposits earning an average interest rate of 4.71 per cent.



The investment holdings breakdown between each bank is summarised in the graph below.



1.4 Local Procurement

To meet the needs of the community and enable the functions of business, South Gippsland Shire Council conducts procurement processes (tenders) and awards contracts for Infrastructure (works), Goods and Services. As detailed in its Procurement Policy, Council has formally recognised the value of the contribution made through procurement to the economic prosperity of the Shire, local suppliers and providers are encouraged to compete for the provision of Council goods, services and works.

The following is a public summary of all contracts awarded to local suppliers by Council or under delegation during the 1 July 2023 to 30 September 2023 period:

Contract Number	Contract Name	Date of Award	Supplier	Estimated Contract Value (ex GST)	Contract Period
CON/365-B	Management and Operation of Selected Aquatic Venues within South Gippsland: Toora & Foster Outdoor Pools	18/09/2023	EC & CA Bennett	\$776,605	3 years + two one-year extensions available
CON/349	Korumburra Bena Football Netball Changerooms Project	30/08/2023	Beachley Constructions Pty Ltd	\$1,442,900	
CON/357	Construction of Meeniyah Community Hub	29/08/2023	TS Constructions Pty Ltd	\$1,933,000	40 weeks

The following table compares the number of contracts awarded by location in Quarter 1 2023/24 and Quarter 1 2022/23:

	South Gippsland Based	Significant Operator	Gippsland Based
Q1 2023/24	3	2	2
Q1 2022/23	4	0	4

1.5 Contractor Breakfast

South Gippsland Shire Council's Annual Contractor Breakfast was facilitated this year in September. The turnout of contractors was less than in previous years, however the event still provided an engaging forum for discussion, feedback and questions about the tendering process, working with Council, what Council are looking for in tender submissions and what Council could also improve on from a contractor viewpoint.

Section 2: Finance Statements

2.1 Income Statement as at 30 September 2023

	Actual YTD FY24 \$'000	Approved Forecast \$'000	Variance Fav/(Unfav)		Actual YTD FY23 \$'000	Variance Fav/ (Unfav) %		Approved Forecast \$'000	Adopted Budget \$'000	Variance Fav/(Unfav)	
			\$'000	%						\$'000	%
Income											
Rates and Charges	12,997	12,558	439	3	12,147	7		50,681	50,681	0	0
Statutory Fees and Fines	228	274	(46)	(17)	300	(32)		1,144	1,144	0	0
User Fees	371	622	(251)	(40)	814	(119)		4,117	4,117	0	0
Grants – Operating	899	720	179	25	1,345	50		13,486	13,486	0	0
Grants – Operating (Natural Disasters)	0	9	(9)	(100)	0	0		195	0	195	100
Grants – Capital	2,987	2,597	390	15	3,618	21		8,940	7,434	1,506	17
Grants – Capital (Natural Disasters)	0	18	(18)	(100)	0	0		2,957	105	2,852	96
Contributions – Monetary	(170)	69	(239)	(346)	0	100		1,083	966	117	11
Contributions – Non monetary	0	108	(108)	0	0	0		431	431	0	0
Net Gain on Disposal of PIPE	8	(172)	180	(105)	(1)	113		955	665	290	30
Other Income	747	620	127	20	450	40		1,682	1,685	(3)	(0)
Total Income	18,067	17,423	644	4	18,673	3		85,671	80,714	4,957	6
Expenses											
Employee Costs	6,792	7,299	507	7	6,966	2		29,633	29,634	(1)	(0)
Materials and Consumables	7,349	9,263	1,914	21	6,435	(14)		28,681	26,788	(1,893)	(7)
Natural Disasters	76	0	(76)	(100)	0	(100)		468	0	(468)	(100)
Depreciation	3,158	3,035	(123)	(4)	2,866	(10)		12,139	12,139	0	0
Borrowing Costs	28	54	26	48	14	(100)		216	216	0	0
Other Expenses	1,049	1,126	77	7	1,093	4		3,491	3,272	(219)	(6)
Total Expenses	18,452	20,777	2,325	11	17,374	6		74,628	72,049	(2,581)	(3)
Net Surplus / (Deficit)	(385)	(3,354)	2,969	89	1,299	(130)		11,043	8,665	2,376	27

2.2 Balance Sheet as at 30 September 2023

	Year to Date				Full Year
	Actual YTD FY24 \$'000	Actual YTD FY23 \$'000	Year over Year Variance Fav/(Unfav)		Adopted Budget \$'000
			\$'000	%	
Current Assets					
Cash and Cash Equivalents	15,912	10,980	4,932	45	8,611
Trade and Other Receivables	53,805	50,551	3,254	6	6,728
Other Financial Assets	22,000	28,271	(6,271)	(22)	11,000
Inventories	198	159	39	25	176
Non-current Assets Classified as Held for Sale	0	0	0	0	0
Other Assets	30	20	10	50	348
Total Current Assets	91,945	89,981	1,964	2	26,863
Non-Current Assets					
Property, Infrastructure, Plant and Equipment	765,185	662,217	102,968	16	708,436
Right-of-use Assets	338	431	(93)	(22)	270
Investment Property	820	727	93	13	727
Intangible Assets	0	0	0	0	0
Total Non-Current Assets	766,343	663,375	102,968	16	709,433
Total Assets	858,288	753,356	104,932	14	736,296
Current Liabilities					
Trade and Other Payables	6,994	7,518	524	7	6,242
Unearned Income	3,342	4,610	1,268	28	4,922
Trust Funds and Deposits	1,145	887	(258)	(29)	1,552
Provisions	6,664	6,601	(63)	(1)	6,684
Interest-bearing Loans and Borrowings	940	514	(426)	(83)	1,271
Lease Liabilities	51	67	16	24	92
Unearned Rates Revenue	37,452	35,814	(1,638)	(5)	0
Total Current Liabilities	56,588	56,011	(577)	(1)	20,763
Non-Current Liabilities					
Provisions	4,949	6,190	1,241	20	6,141
Interest-bearing Loans and Borrowings	8,056	5,994	(2,062)	(34)	9,932
Lease Liabilities	291	364	73	20	181
Total Non-Current Liabilities	13,296	12,548	(748)	(6)	16,254
Total Liabilities	69,884	68,559	(1,325)	(2)	37,017
Net Assets	788,404	684,797	103,607	15	699,279
Equity					
Accumulated Surplus	271,476	253,044	18,432	7	266,568
Asset Revaluation Reserve	515,615	430,672	84,943	20	430,670
Other Reserves	1,313	1,081	232	21	2,041
Total Equity	788,404	684,797	103,607	15	699,279

2.3 Statement of Cash Flows for the period 1 July 2023 to 30 September 2023

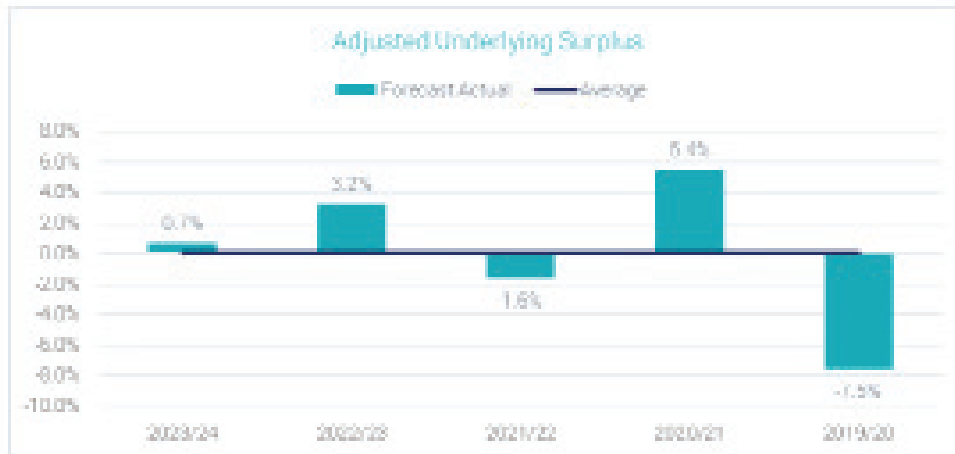
	Actual YTD FY24 \$'000	Actual YTD FY23 \$'000	Year over Year Variance Fav/(Unfav)		Full Year Adopted Budget \$'000
			\$'000	%	
Cash Flows from Operating Activities					
Rates and Charges	6,817	7,280	(463)	(6)	50,284
Statutory Fees and Fines	228	300	(72)	(24)	1,253
User Fees	1,008	1,237	(229)	(19)	4,510
Grants – Operating	899	739	160	22	13,431
Grants – Capital	2,726	3,618	(892)	(25)	7,508
Contributions – Monetary	(170)	0	(170)	(100)	966
Interest Received	448	73	375	514	500
Other Receipts	629	303	326	108	7,276
Employee Costs	(6,705)	(6,993)	(288)	4	(29,735)
Materials and Services	(11,312)	(8,381)	2,931	(35)	(29,567)
Other Payments	(1,047)	(1,092)	(45)	4	(3,610)
Net Cash Provided by (used in) Operating Activities	(6,479)	(2,916)	1,633	(56)	22,816
Cash Flows from Investing Activities					
Payments for Property, Infrastructure, Plant and Equipment	(4,438)	(4,493)	(55)	1	(40,515)
Proceeds from Sale of Property, Infrastructure, Plant and Equipment	73	6	67	1,117	2,738
Proceeds for / from Other Financial Assets	9,271	8,999	(272)	(3)	8,000
Net Cash Provided by (used in) Investing Activities	4,906	4,512	(260)	(6)	(29,777)
Cash Flows from Financing Activities					
Finance Costs	(41)	(12)	(29)	242	(211)
Proceeds from Borrowings	0	(1,700)	1,700	(100)	3,150
Repayment of Borrowings	(233)	(128)	(105)	82	(1,112)
Repayment of Leases	(23)	(22)	(1)	5	(96)
Net Cash Provided by (used in) Financing Activities	(297)	(1,862)	1,565	(84)	1,731
Net Increase (Decrease) in Cash and Cash Equivalents	(1,870)	(266)	(1,604)	603	(5,230)
Cash and Cash Equivalents at the Beginning of the Financial Year	17,782	7,847	9,935	127	13,841
Cash and Cash Equivalents at the End of the Period	15,912	7,581	8,331	110	8,611

Section 3: Year to Date Financial Analysis

3.1 Financial Ratios

Operating Position

The proposed forecast result is for a \$0.5 million adjusted underlying surplus for the year ended 30 June 2024.

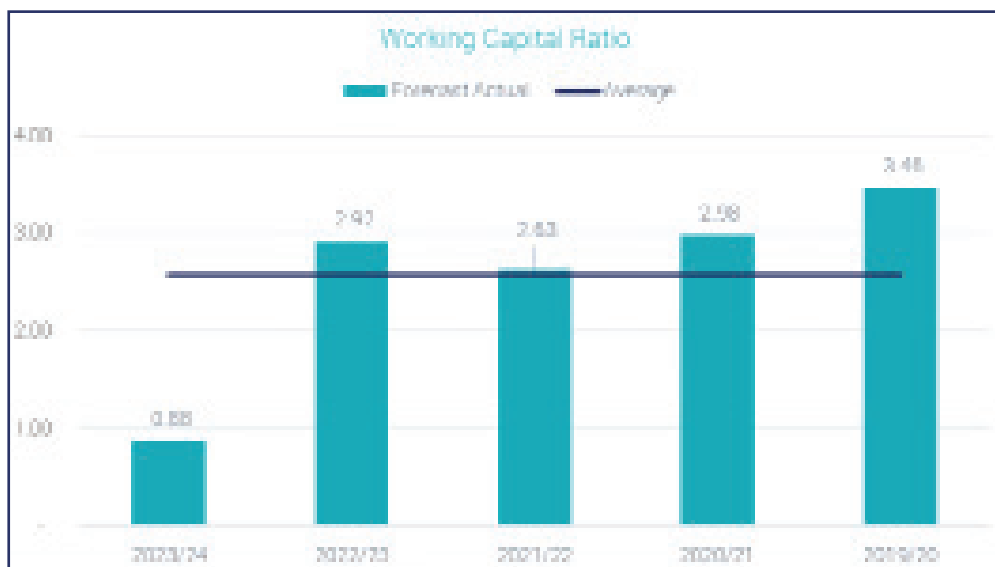


The adjusted underlying result demonstrates Council’s ability to generate a surplus in its ordinary course of business, excluding non-recurrent capital grants, non-monetary asset contributions and other contributions to fund capital works from its net result. A surplus or increasing surplus suggest an improvement in operations.

Liquidity

The Working Capital Ratio, which assesses Council’s ability to meet current commitments, is calculated by measuring Council’s current assets as a percentage of current liabilities.

Council’s proposed forecast as of 30 June 2024 has a Working Capital Ratio of 0.88. The decrease in the forecast compared to previous years is due to a decline in cash and cash equivalents and other financial assets (expected to be \$26.9 million as of 30 June 2024), to fund the capital works program.



Obligations

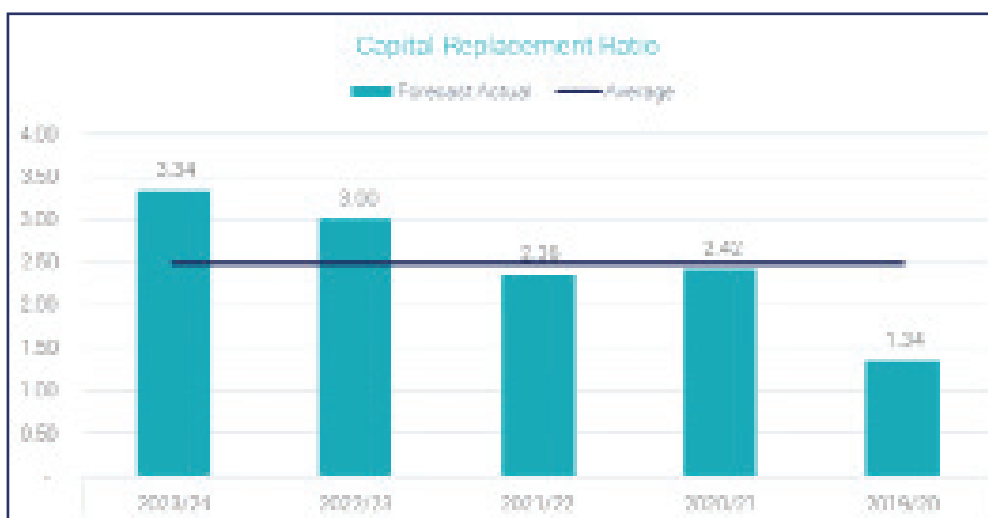
The Indebtedness Ratio Percentage measures Council's ability to pay the principal and interest on borrowings when they are due from the funds it generates. Own-sourced revenue is used in the calculation, not including any grants or contributions.

Council's proposed forecast Indebtedness Ratio as of 30 June 2024 is 26.3 per cent, and is well within the ratio maximum of 40 per cent or lower. The increase over the previous years is due to additional construction drawdown facilities through TCV.



Asset Renewal

Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. The investment in asset renewal for the 2023/24 year is forecasted to be \$25.9 million.



The Capital Replacement Ratio compares the total rate of spending on new infrastructure, property, plant and equipment with its depreciation. Ratios of higher than 1:1 indicate that spending is faster than the depreciation rate. Council's proposed forecast Capital Replacement Ratio of 3.34 for the year ending 30 June 2024, which is well above the target of 1.5.



SOUTH GIPPSLAND SHIRE COUNCIL

9 Smith Street (Private Bag 4) Leongatha VIC 3953
Phone: 5662 9200 Fax: 5662 3754
Email: council@southgippsland.vic.gov.au
Website: www.southgippsland.vic.gov.au
Facebook: www.facebook.com/southgippslandshirecouncil

