

SOUTH GIPPSLAND SHIRE COUNCIL

# Organisational Performance Report

July to December 2023



*South Gippsland*  
Shire Council

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### *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 Annual Budget.





**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.

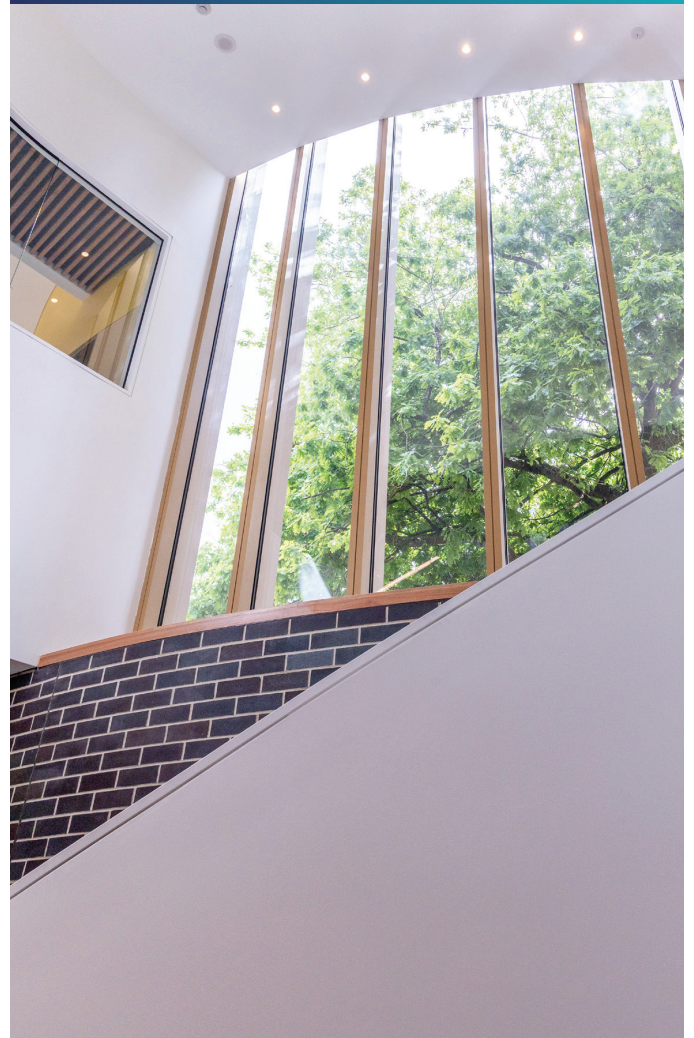
We commit to continuous safety improvement in our road management, planning and processes, and a commitment to advocacy for public and community transport options and Shire wide digital connectivity.

**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:**

- Korumburra Community Hub now completed and officially opened in October 2023.
- Annual Resheet program on track.
- Mirboo North car park completed.
- Venus Bay Streetscape works complete.
- Landfill Cell 5 construction underway.



*Pictured: The Korumburra Community Hub is now complete.*



## 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 Infrastructure Advisory Committee met in November 2023 to review projects and discuss processes.	50%
Deliver capital works program. 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>Delivery of the capital works program is well underway, with many projects under construction or with contracts awarded and set to commence in Q3. However, wet weather conditions and other delays have hampered delivery of some programs in Q2. Capital expenditure at completion of Q2 is approximately \$11M against the revised annual budget of \$40M.</p> <p>Delivery of the full program will remain difficult to achieve due to a variety of delays on some projects.</p>	MONITOR
Develop designs for sealing priority gravel roads (a minimum of two kilometres per annum).	<p>Venus Bay Streetscape works are almost complete. Works are well progressed on rural road rehabilitation projects. Portions of Shingler Street Leongatha and Mount Lyall Road Nyora have been added to the program and are expected to commence in Q3.</p> <p>Nelson Street Foster rehabilitation has been re-forecast to occur in 2024/25</p>	20%
Improve the conditions of gravel roads via ongoing additional investment in the annual Resheet Program.	Program is nearing completion with the final few roads to be delivered early in 2024.	80%

## 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:

- Annual Stakeholder Round table breakfast completed with strong attendance.
- South Gippsland promotional tourism video released.
- Strong community response to the Korumburra Railway Precinct Mural project, with artist successfully selected.
- Discussion Paper related to Coal Creek endorsed at the December Council meeting. Engagement to commence in January 2024.
- Supported events including Fishy Stories and the Great Victorian Bike Ride.



*Pictured: Participants at the Stakeholder Round Table breakfast*



## 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 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.	Council's funding contribution of \$55,000 to Events Gippsland for 2023/24 has been finalised.	100%
Implement the annual action plan of the 2021–2031 Economic Development Strategy.	Implementation of action include: <ul style="list-style-type: none"> <li>Annual Stakeholder Round Table breakfast conducted.</li> <li>Continued the South Gippsland and Latrobe City Renewable Energy Impact and Readiness Study.</li> <li>Continued support of Business and Tourism Associations.</li> <li>Supported businesses impacted by the Welshpool flood event.</li> <li>Represented Council at Empower Australia Forum.</li> </ul>	50%
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.	Implementation of actions include: <ul style="list-style-type: none"> <li>Finalise and launch the South Gippsland Tourism video.</li> <li>Provided support to the Fishy Stories (major event)</li> <li>Provided support to the Fish Creek community with the overnight stay of the Great Victorian Bike Ride</li> <li>Preparation of tourism material and onsite presence at the Great Victorian Bike Ride in promoting the region.</li> <li>2022-2031 Great Southern Rail Trail Visitor Experience and Marketing Plan</li> <li>Developed project scope and engaged consultant for the development of a new GSRT website.</li> <li>Continued signage implementation process for interpretive rail trail signage.</li> </ul>	50%
Implement the annual actions of the Arts, Culture and Creative Industries Strategy.	Implementation of action include: <ul style="list-style-type: none"> <li>Artist selected and commencement of the Korumburra Railway Precinct Mural Project.</li> <li>ArtCubes programming commenced in Fish Creek.</li> <li>EOI process commenced for the South Gippsland Creative Program.</li> <li>Finalised Small Halls Music Program.</li> </ul>	50%
Commence the development of a Strategic Plan for Coal Creek Community Park and Museum.	Coal Creek Strategic Plan Discussion Paper and Engagement Plan endorsed by Council at December Council meeting. The development of the Strategic Plan has now commenced.	30%

## 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:

- Community Plans are being reviewed and updated with support from Council's Community Strengthening team.
- Consultation on the first draft of the General Local Law attracted 366 responses. Feedback has been considered and incorporated in an updated draft.
- A survey to help plan for a kindergarten in Mirboo North was released with a strong response from the community.
- Municipal Health & Wellbeing Plan update presented to Council.



*Councillors Keerie and Hersey at a Live4Life Event in 2023*

- 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.	Communication with GLAWAC and BLCAC continue with an agreement to prepare a draft commitment statement in the 2024 year.	ON TRACK
Implement actions from the 2022-2026 Municipal Public Health and Wellbeing Plan.	Update on actions included in the Municipal Public Health & Wellbeing Plan presented to the December 2023 Council meeting. Review of partner activities commenced October 2023, to be completed in early 2024.	60%
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 meeting quarterly. Annual Community Plan Network Councillor Presentation night held in November.	50%
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.	50%
Complete the review of the General Local Law 2014 and develop the General Local Law 2024.	Draft General Local Law 2024 was developed and released for consultation with 366 submissions received. This resulted in some changes to the wording of some clauses being made and as such another round of consultation was required.	75%
Implement the annual priorities from the Early Years Position Paper.	Early Years Project Officer has commenced implementing actions from the position paper. Actions currently being undertaken include: planning for kindergarten in Mirboo North, workforce planning for Pre-Prep and a new kindergarten at Korumburra.	25%
Annual implementation of the Domestic Animal Management Plan (DAMP) 2022-2025.	Delivery of Domestic Animal Management Action Plan is on track with a number actions completed. Annual review has been undertaken and will be presented to Council at a briefing session.	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:

- Strengthening of Council's Cyber Security has occurred through increased staff training and the introduction of tighter response plans.
- Council endorsed nine advocacy priorities.
- A review of the Community Leadership Program was successfully completed.
- Customer Service training approved.
- Infrastructure Maintenance Service Review has achieved practical completion.



*Pictured: Offshore renewable energy is one of Council's Advocacy Priorities*



## 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.	ELT approved the training proposed for SLT called "Walk in my Shoes", and a separate business case is being developed for all-staff customer first training. WIMS training slated for Feb 2024, all-staff approx 2 months later. Organisational realignment has factored into Customer First strategy.	10%
Strengthen Council's Privacy and Cyber Security mechanisms to improve safety of Council data and systems.	Completed activities include: <ul style="list-style-type: none"> <li>• Cyber Security Framework evaluation</li> <li>• Incident Response Plan development</li> <li>• Uplift Staff Education and Awareness</li> <li>• Cyber Security Month</li> <li>• Infosec Training &amp; Campaigns</li> </ul>	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 2024/25 Annual Budget has commenced.	25%
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.	10%
Develop and adopt Council's 2023/24 Advocacy Priority Projects.	Council's 2023/24 advocacy priorities were endorsed at the October 2023 Council Meeting.	100%
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 been completed. A report will be prepared for consideration in 2024.	75%
Lead an outwardly focused, innovative and financially sustainable organisation that delivers maximum community benefit by conducting Service Reviews and Business Improvement of individual services.	The Infrastructure Maintenance Service review achieved practical completion with the final recommendations presented. Implementation will commence during the next quarter. An organisational restructure was also completed during the quarter with the objective of increasing focus and resourcing in the areas of Customer First and Advocacy.	60%

## 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.

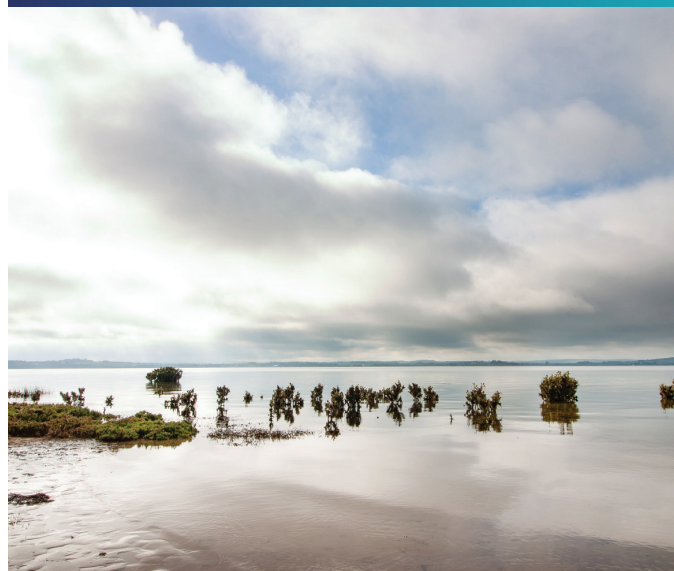
Over the next four years, we will reduce landfill across the Shire via our circular waste strategy. In our own organisation, we are setting a target of reducing our emissions through energy and waste efficiency measures. We will also drive change toward improved consumer behaviour of all in our Shire, 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:

- Annual review of Domestic Wastewater Management Plan undertaken.
- A workshop was held in November with stakeholders regarding Council's Integrated Water Management Plan. This feedback helped to inform potential projects.
- Scoping for a Climate Action Plan 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 continues to work with Landcare and is currently developing a MOU between the organisations.	50%
Annual implementation of the Domestic Wastewater Management Plan (DWMP) 2022-2026.	Actions from the Domestic Wastewater Management Plan are being implemented. Annual review has been undertaken.	25%
Commence implementation of Council's Integrated Water Management (IWM) Plan for South Gippsland.	Workshop with external stakeholders was held in November 2023. Council officers have compiled proposals and projects to review regarding Council's future contribution to integrated water management.	50%
Finalise the development of the Waste Management Plan (formerly Waste Management Strategy).	An initial community consultation draft was developed for consideration. A draft version of the detailed plan was completed during the quarter and provided to officers for review and feedback.	40%
Commence the development of a Climate Action Plan.	Commenced organising a local farmer to present at a Council Briefing on the impacts of climate change to them, and their concerns for the future. Scoping of a brief for a consultant to commence the internal and external engagement work on the development of the plan also commenced.	25%
Implement and maintain the Tree Replacement Plan for trees removed by Council.	Removal of Gripp Road Trees in Toora scheduled for April/May 2024. Current Tree Management Plan has been reviewed, no changes at this time.	60%



## 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:





- Planning Scheme Amendment ready for public exhibition in January 2024.
- A background paper for Coastal Strategy implementation has been developed.
- The Industrial Land Supply Strategy is nearing completion.



*Pictured: Walkerville South*

## 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.	Update on actions included in the Social & Affordable Housing Strategy presented to the December 2023 Council meeting.	50% 
Implement actions from the Industrial Land Supply Strategy.	The draft Industrial Land Supply Strategy is nearing completion. Implementation options for the Strategy will be considered when the recommendations are known.	IN PROGRESS
Undertake Planning Scheme Amendments to implement the recommendations from the recent review of South Gippsland Shire Planning Scheme.	The exhibition period for the Planning Scheme Amendment will commence mid January 2024 in accordance with planned project timeline..	25% 
Implement the findings of the Coastal Strategy investigation and recommend new Planning Scheme provisions through a Planning Scheme Amendment (Part Two).	Background paper prepared discussing Coastal Strategy implementation options. Ongoing discussions occurring with State Government on the options.	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.	Project scope completed.	25% 

SOUTH GIPPSLAND SHIRE COUNCIL

# Financial Report

1 July 2023 to 31 December 2023



*South Gippsland Shire  
Organisational Performance in 2023/24*



*South Gippsland  
Shire Council*



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## Section 1 – Financial Report Overview and Progress

### 2nd Quarter FY2023/24

- YTD net operating deficit (\$1.8 million), which is \$2.9 million favourable to the YTD approved forecast deficit (\$4.7 million).
- YTD cash deficit (\$7.6 million), which is \$1.0 million favourable to the YTD approved forecast deficit (\$8.6 million).
- YTD expenditure on capital works projects is \$10.7 million, 15 per cent ahead of the \$9.3 million YTD approved forecast.
- \$22.9 million invested in term deposits, \$5.9 million held in at call account. The average investment rate during September was 4.66 per cent.
- Total borrowings is currently at \$8.8 million.

## 1.1 Management Accounting Result Statement

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 31 December 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	Proposed Forecast \$'000	Adopted Budget \$'000
<b>Income Statement</b>						
Income	37,195	33,018	4,177	85,674	76,780	80,714
Expenditure	39,038	37,731	(1,307)	74,629	76,338	72,049
<b>Net surplus / (deficit) - ongoing operations</b>	<b>(1,843)</b>	<b>(4,713)</b>	<b>2,870</b>	<b>11,045</b>	<b>442</b>	<b>8,665</b>
<b>Management Accounting result</b>						
<u>Add back (less) non cash items</u>						
Depreciation	6,474	6,024	(450)	12,047	12,878	12,047
Amortisation - right of use assets	46	46	0	92	92	92
Amortisation - intangible assets	0	0	0	0	0	0
Landfill provision	0	0	0	0	0	0
Contributions - non-monetary	(761)	(215)	546	(431)	(431)	(431)
Assets written off	0	0	0	0	0	0
Found assets (recognised)	(771)	0	771	0	0	0
Fair value adjustments of investment properties	0	0	0	0	0	0
Written down value of assets sold/disposed	881	482	(399)	1,824	2,111	1,824
<b>Sub total</b>	<b>5,869</b>	<b>6,337</b>	<b>468</b>	<b>13,532</b>	<b>14,650</b>	<b>13,532</b>
<b>Net operating surplus</b>	<b>4,026</b>	<b>1,624</b>	<b>3,338</b>	<b>24,577</b>	<b>15,092</b>	<b>22,197</b>
<u>Less (add) non operating cash items</u>						
Capital Works expenditure	10,656	9,256	(1,400)	42,500	39,864	36,832
Transfers to/(from) Reserves	417	417	0	434	336	434
New loan borrowings	0	0	0	(3,150)	(1,150)	(3,150)
Loan Repayments	467	467	0	1,112	988	1,112
Lease Repayments	45	45	0	91	89	91
<b>Sub total</b>	<b>11,585</b>	<b>10,185</b>	<b>(1,400)</b>	<b>40,987</b>	<b>40,127</b>	<b>35,319</b>
<b>Cash surplus / (deficit)</b>	<b>(7,559)</b>	<b>(8,561)</b>	<b>1,002</b>	<b>(16,410)</b>	<b>(25,035)</b>	<b>(13,122)</b>
<b>Accumulated surplus brought forward</b>				35,892	35,892	17,092
<b>Surplus / (deficit) position</b>	<b>(7,559)</b>	<b>(8,561)</b>	<b>1,002</b>	<b>19,482</b>	<b>10,857</b>	<b>3,970</b>

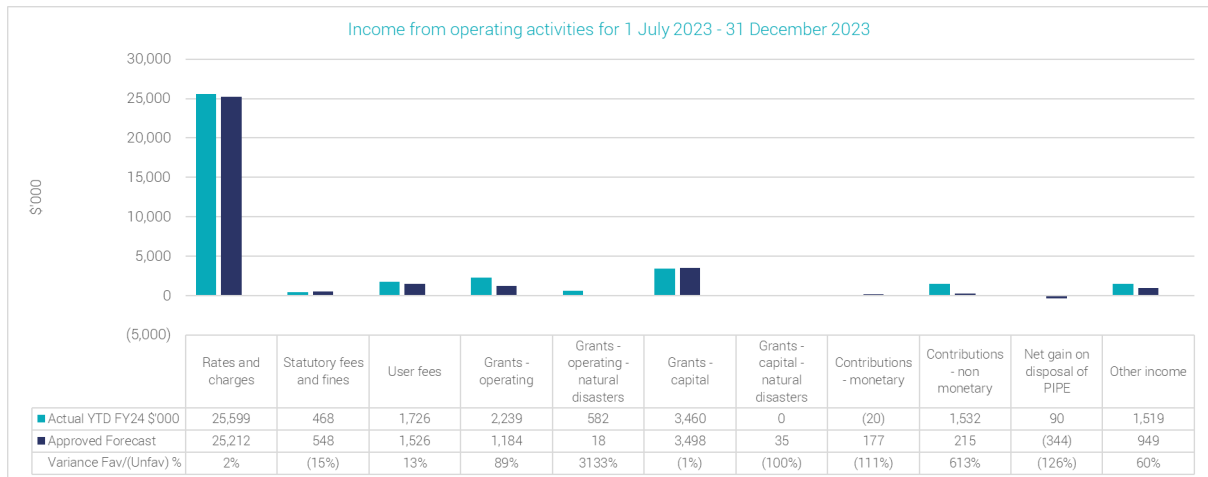
The movement between Adopted Budget and Approved Forecast is attributed to year end carry forwards from 2022/23, as endorsed by Council in the 2022/23 Carry Forwards and End of Year Financials report on 18 October 2023. The proposed forecast includes any adjustments identified as at the end of December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

Year to date (YTD) income is \$37.2 million which is \$4.2 million more as compared to the approved forecast. YTD expenditure is \$39.0 million which is \$1.3 million more as compared to the approved forecast. Council is \$2.9 million favourable to the net YTD forecast.

The overall management accounting result, after removing non-cash items for the period shows a deficit of \$7.6 million, caused by capital works expenditure undertaken in the period.



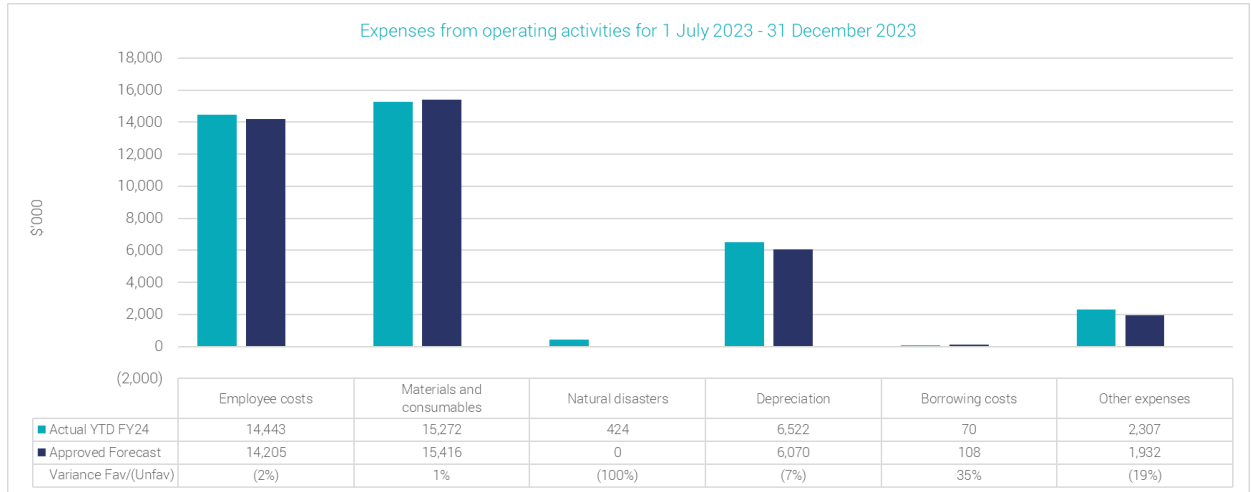
## Operating Income



### Income variances against approved forecast

Category	Variance (Fav/Unfav) \$'000	Commentary
Statutory Fees and Charges	(80)	Due to less Statutory Planning applications overall, as well as the applications not being as complex, resulting in a lower fee amount charged per application.
User Fees	200	Due to receiving more council fees and charges within Environmental Health than anticipated, at this stage a timing issue only
Grants - Operating	1,055	Largely due to timing of the recognition of grants revenue \$500K. Also contributing is the \$168K received for the financial assistance grant earlier than anticipated, and the unexpected grant funding received for the Mirboo North Preschool project \$116K.
Grants - Operating - Natural Disasters	600	Due to additional funding received for the June 2021 Storm Event, not previously budgeted for.
Contributions - monetary	(200)	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	1,300	Due to the timing of gifted and found assets being recognised and the conservative approach to budgeting for these contributions
Other Income	600	Due to interest income earned above budget as a result of increasing interest rates.

Operating Expenses



Expense variances against approved forecast		
Category	Variance (Fav/Unfav) \$'000	Commentary
Natural Disasters	(424)	Due to unbudgeted expenditure on the October 2023 East Victorian Flood event as well as expenditure on the council flood support fund grant program occurring earlier than forecast.
Borrowing Costs	38	Due to less interest occurred on borrowings than forecast.
Other Expenses	(375)	Due to the disposal of infrastructure assets not sold, and written down values being classified under other expenses.

## 1.2 Capital Works

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

Capital expenditure to 31 December 2023 is \$10.7 million which is tracking ahead of the \$9.3 million forecast. This is primarily due to the timing of expenditure on the Roads infrastructure program as well as plant and fleet purchases occurring ahead of the year to date forecast.

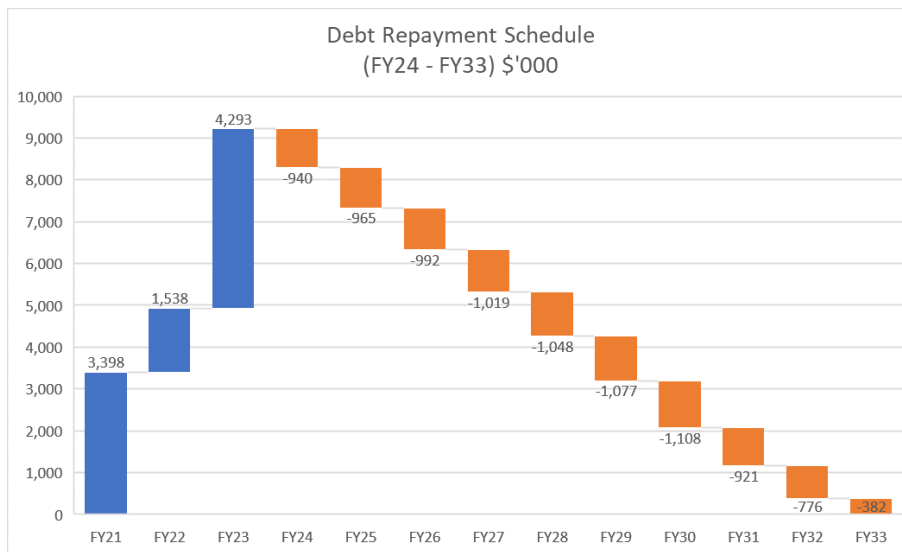
	Actual YTD FY24 \$'000	Year to Date		Full Year		
		Approved Forecast \$'000	Variance Fav/(Unfav) %	Approved Forecast \$'000	Proposed Forecast \$'000	Adopted Budget \$'000
<b>Property</b>						
Buildings	1,412	1,276	11%	8,335	7,948	7,090
<b>Total Property</b>	<b>1,412</b>	<b>1,276</b>	<b>11%</b>	<b>8,335</b>	<b>7,948</b>	<b>7,090</b>
<b>Plant and equipment</b>						
Plant, machinery and equipment	2,373	1,209	96%	4,618	4,452	3,825
Computers and telecommunications	141	493	(71%)	985	981	985
<b>Total Plant and Equipment</b>	<b>2,514</b>	<b>1,702</b>	<b>48%</b>	<b>5,603</b>	<b>5,433</b>	<b>4,810</b>
<b>Infrastructure</b>						
Roads	3,483	1,575	121%	11,719	14,129	10,821
Bridges	119	0	100%	287	287	263
Major culverts	45	35	29%	212	212	100
Footpaths and cycleways	160	297	(46%)	1,158	1,158	900
Drainage	131	65	102%	184	321	184
Car parks	299	312	(4%)	449	312	0
Land stabilisation	0	0	0%	0	0	0
Kerb	120	0	100%	0	250	0
Waste	996	1,236	(19%)	4,289	4,299	3,967
Other infrastructure	1,377	2,758	(50%)	10,264	5,514	8,698
<b>Total Infrastructure</b>	<b>6,730</b>	<b>6,278</b>	<b>7%</b>	<b>28,562</b>	<b>26,482</b>	<b>24,933</b>
<b>Total Capital Works Expenditure</b>	<b>10,656</b>	<b>9,256</b>	<b>15%</b>	<b>42,500</b>	<b>39,863</b>	<b>36,833</b>



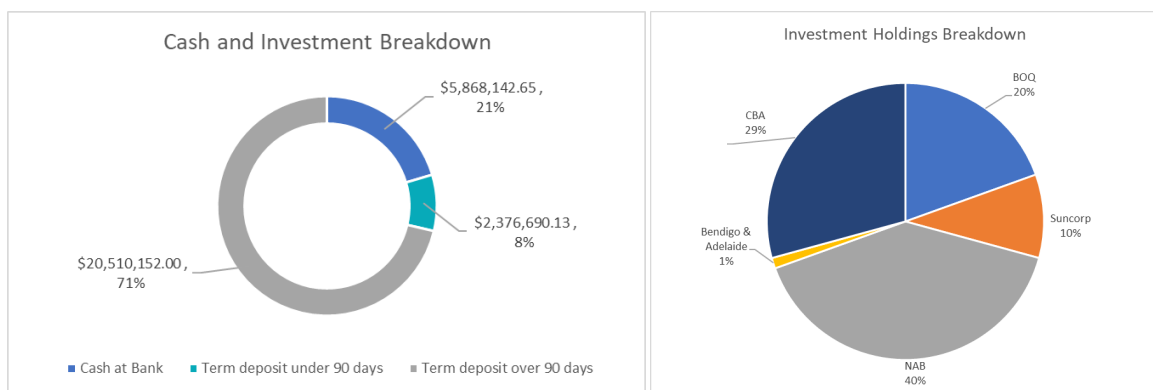
### 1.3 Treasury

As detailed below, Council have paid \$0.5 million in scheduled principal debt repayments year to date. Full year principal debt repayments are on schedule, with a forecasted closing position of \$8.3 million.

Loans Maturing	YTD December 2023			Full Year		
	Opening Balance	Principal Repaid	Closing Balance	Opening Balance	Forecasted Repayments	Forecasted Closing Balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Loans	940	0	940	940	(940)	0
Non-Current Loans	8,289	(467)	7,822	8,289	0	8,289
	9,229	(467)	8,762	9,229	(940)	8,289



Cash and investment holdings total \$28.8 million as of 31 December 2023, a decrease of \$20.3 million from the 30 June 2023 balance of \$49.1million. Council has \$22.9 million in term deposits earning an average interest rate of 4.66%. The investment holdings breakdown is summarised in the graphs below:

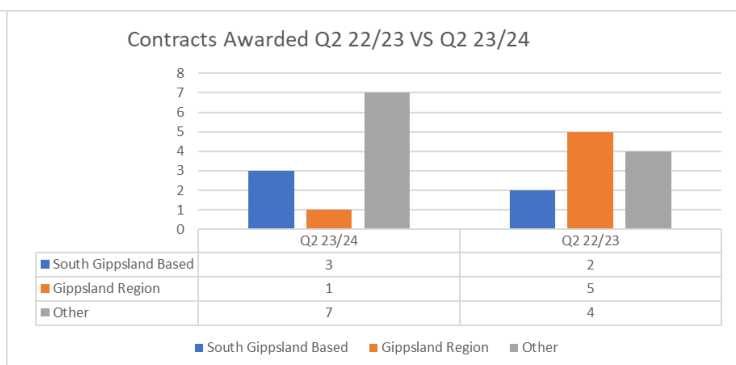
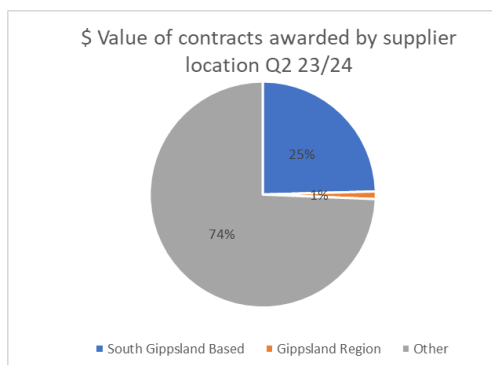


### 1.4 Local Procurement

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 suppliers by Council or under delegation between 1 October – 31 December 2023:

Contract Number	Contract Name	Date of Award	Supplier	Estimated Contract Value (Ex. GST)	Contract Period	Supplier Location
CON/372	Koonwarra Landfill Cell 5 - Provision of Environmental Auditing, GITA and Third Party CQA Services	4/10/2023	Bajwa EnviroConsult Pty Ltd	\$ 114,850.00	25 weeks	Other
CON/369	Construction of Cell 5; Koonwarra Landfill	6/10/2023	Goldsmith Civil & Environmental Pty Ltd	\$ 1,997,783.45	25 weeks	Other
RFT/373-C	Design and Construct Repair of Landslips, Various Locations - Nippards Track and Popes Road	6/10/2023	Earthtec Pty Ltd	\$ 1,311,100.00	31/03/2024	Other
RFT/380	Provision of Bituminous Surfacing and Associated Services	10/10/2023	Primal Surfacing Pty Ltd	\$ 1,686,021.73	30/04/2024	Other
CON/365-A	Management & Operation of Selected Aquatic Venues	24/10/2023	Victorian YMCA Community Programming Pty Ltd	\$ 3,003,139.00	3 years + two one-year extensions available	South Gippsland Based
CON/384	Minor Drainage Works Korumburra & Leongatha	31/10/2023	ACE Earthmoving (Vic) Pty Ltd	\$ 194,067.00	8 weeks	Gippsland Region
RFT/373-B	Design and Construct Repair of Landslips, Various Locations - Sanders Road Korumburra and Main South Road Poowong East	10/11/2023	Fulton Hogan Industries	\$ 3,729,232.04	31/03/2024	Other
CON/383	Provision of Bituminous Surfacing and Associated Services	22/11/2023	Fowlers Asphaltting Pty Ltd	\$ 408,525.39	16 weeks	South Gippsland Based
CON/387	Leongatha Municipal Office Redevelopment -Exterior Refurbishment	12/12/2023	McLeod, Dowel and Courtney Pty Ltd T/A MDC Building Group	\$ 988,954.18	24 Weeks	South Gippsland Based
CON/377	Design & Construct Public Amenities and Shelters at Korumburra and Leongatha Railway Precincts	5/12/2023	GR Design & Construct Pty Ltd	\$ 1,061,520.60	Practical Completion due 18/07/2024	Other
CON/373-A	Design & Construct Landslips Repair, Various Locations – Package A; Project 3 – Grand Ridge Road (Site 1), Trida (Hallston) and Project 4 – Grand Ridge Road (Site 2), Trida	21/12/2023	Fulton Hogan Industries Pty Ltd	\$ 3,418,556.70	Practical Completion due 31/03/2024	Other



## Section 2 – Financial Statement

## 2.1 Income Statement as at 31 December 2023

	Year to Date					Full Year		
	Actual	Approved	Variance	Actual YTD	Variance	Approved	Proposed	Adopted
	YTD FY24	Forecast	Fav/(Unfav)	FY23	Fav/(Unfav)	Forecast	Forecast	Budget
	\$'000	\$'000	%	\$'000	%	\$'000	\$'000	\$'000
<b>INCOME</b>								
Rates and charges	25,599	25,212	2%	24,175	6%	50,681	50,631	50,681
Statutory fees and fines	468	548	(15%)	553	(15%)	1,144	983	1,144
User fees	1,726	1,526	13%	2,066	(16%)	4,117	4,134	4,117
Grants - operating	2,239	1,184	89%	3,244	(31%)	13,486	2,934	13,486
Grants - operating - natural disasters	582	18	3133%	1,578	(63%)	195	777	0
Grants - capital	3,460	3,498	(1%)	1,730	100%	8,940	10,235	7,434
Grants - capital - natural disasters	0	35	(100%)	3,362	(100%)	2,957	2,902	105
Contributions - monetary	(20)	177	(111%)	497	(104%)	1,083	308	966
Contributions - non monetary	1,532	215	613%	0	100%	431	431	431
Net gain on disposal of PIPE	90	(344)	(126%)	3	2900%	955	933	665
Other income	1,519	949	60%	1,045	45%	1,685	2,510	1,685
<b>Total Income</b>	<b>37,195</b>	<b>33,018</b>	<b>13%</b>	<b>38,253</b>	<b>(3%)</b>	<b>85,674</b>	<b>76,778</b>	<b>80,714</b>
<b>EXPENSES</b>								
Employee costs	14,443	14,205	(2%)	13,413	(8%)	29,634	30,777	29,634
Materials and consumables	15,272	15,416	1%	12,525	(22%)	28,681	28,579	26,788
Natural disasters	424	0	-	558	-	468	468	0
Depreciation	6,522	6,070	(7%)	5,926	(10%)	12,139	12,970	12,139
Borrowing costs	70	108	35%	35	(100%)	216	175	216
Other expenses	2,307	1,932	(19%)	2,043	(13%)	3,491	3,371	3,272
<b>Total Expenses</b>	<b>39,038</b>	<b>37,731</b>	<b>(3%)</b>	<b>34,500</b>	<b>(13%)</b>	<b>74,629</b>	<b>76,340</b>	<b>72,049</b>
<b>Net Surplus / (Deficit)</b>	<b>(1,843)</b>	<b>(4,713)</b>	<b>61%</b>	<b>3,753</b>	<b>(149%)</b>	<b>11,045</b>	<b>438</b>	<b>8,665</b>

## 2.2 Balance Sheet as at 31 December 2023

	Year to Date				Full Year
	Actual YTD FY24 \$'000	Actual YTD FY23 \$'000	Year over Year Variance Fav/(Unfav) \$'000 %		Adopted Budget \$'000
<b>Current Assets</b>					
Cash and cash equivalents	8,245	11,009	(2,764)	(25%)	8,611
Trade and other receivables	44,231	40,529	3,702	9%	6,728
Other financial assets	20,510	24,271	(3,761)	(15%)	11,000
Inventories	205	165	40	24%	176
Non-current assets classified as held for sale	0	0	0	0%	0
Other assets	30	20	10	50%	348
<b>Total Current Assets</b>	<b>73,221</b>	<b>75,994</b>	<b>(2,773)</b>	<b>(4%)</b>	<b>26,863</b>
<b>Non-Current Assets</b>					
Property, infrastructure, plant and equipment	768,796	666,471	102,325	15%	708,436
Right-of-use-assets	315	407	(92)	(23%)	270
Investment property	820	727	93	13%	727
Intangible asset	0	0	0	0%	0
<b>Total Non-Current Assets</b>	<b>769,931</b>	<b>667,605</b>	<b>102,326</b>	<b>15%</b>	<b>709,433</b>
<b>TOTAL ASSETS</b>	<b>843,152</b>	<b>743,599</b>	<b>99,553</b>	<b>13%</b>	<b>736,296</b>
<b>Current Liabilities</b>					
Trade and other payables	6,750	6,059	(691)	(11%)	6,242
Unearned income	2,950	4,536	1,586	35%	4,922
Trust funds and deposits	1,076	846	(230)	(27%)	1,552
Provisions	6,465	6,551	86	1%	6,684
Interest-bearing loans and borrowings	940	645	(295)	(46%)	1,271
Lease liabilities	46	45	(1)	(2%)	92
Unearned rates revenue	24,968	23,876	(1,092)	(5%)	0
<b>Total Current Liabilities</b>	<b>43,195</b>	<b>42,558</b>	<b>(637)</b>	<b>(1%)</b>	<b>20,763</b>
<b>Non-Current Liabilities</b>					
Provisions	4,898	6,190	1,292	21%	6,141
Interest-bearing loans and borrowings	7,822	7,235	(587)	(8%)	9,932
Lease liabilities	273	364	91	25%	181
<b>Total Non-Current Liabilities</b>	<b>12,993</b>	<b>13,789</b>	<b>796</b>	<b>6%</b>	<b>16,254</b>
<b>TOTAL LIABILITIES</b>	<b>56,188</b>	<b>56,347</b>	<b>159</b>	<b>0%</b>	<b>37,017</b>
<b>NET ASSETS</b>	<b>786,964</b>	<b>687,252</b>	<b>99,712</b>	<b>15%</b>	<b>699,279</b>
<b>Equity</b>					
Accumulated Surplus	270,017	255,499	14,518	6%	266,568
Asset Revaluation Reserve	515,634	430,672	84,962	20%	430,670
Other Reserves	1,313	1,081	232	21%	2,041
<b>TOTAL EQUITY</b>	<b>786,964</b>	<b>687,252</b>	<b>99,712</b>	<b>15%</b>	<b>699,279</b>

## 2.3 Cashflow Statement for the period 1 July 2023 to 31 December 2023

	Actual YTD FY24 \$'000	Actual YTD FY23 \$'000	Year over Year Variance Fav/(Unfav)		Full Year Adopted Budget \$'000
			\$'000	%	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Rates and charges	16,706	16,837	(131)	(1%)	50,284
Statutory fees and fines	468	553	(85)	(15%)	1,253
User fees	1,824	2,056	(232)	(11%)	4,510
Grants - operating	2,233	4,216	(1,983)	(47%)	13,431
Grants - capital	3,460	5,092	(1,632)	(32%)	7,508
Contributions - monetary	(20)	497	(517)	(104%)	966
Interest received	1,110	242	868	359%	500
Other receipts	674	661	13	2%	7,276
Employee costs	(14,611)	(13,605)	(1,006)	7%	(29,735)
Materials and services	(19,556)	(15,438)	(4,118)	27%	(29,567)
Other payments	(1,796)	(2,025)	229	(11%)	(3,610)
<b>Net cash provided by (used in) operating activities</b>	<b>(9,508)</b>	<b>(914)</b>	<b>(8,594)</b>	<b>940%</b>	<b>22,816</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for property, infrastructure, plant & equipment	(10,656)	(11,814)	1,158	(10%)	(40,515)
Proceeds from sale of property, infrastructure, plant & equipment	458	24	434	1808%	2,738
Payments for / from Other Financial Assets	10,761	12,999	(2,238)	(17%)	8,000
<b>Net cash provided by (used in) investing activities</b>	<b>563</b>	<b>1,209</b>	<b>(646)</b>	<b>(53%)</b>	<b>(29,777)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>					
Finance costs	(80)	(32)	(48)	150%	(211)
Proceeds from borrowings	0	0	0	0%	3,150
Repayment of borrowings	(467)	2,944	(3,411)	(116%)	(1,112)
Repayment of leases	(45)	(44)	(1)	2%	(96)
<b>Net cash provided by (used in) financing activities</b>	<b>(592)</b>	<b>2,868</b>	<b>(3,460)</b>	<b>(121%)</b>	<b>1,731</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(9,537)</b>	<b>3,163</b>	<b>(12,700)</b>	<b>(402%)</b>	<b>(5,230)</b>
Cash and cash equivalents at the beginning of the financial year	17,782	7,846	9,936	127%	13,841
<b>Cash and cash equivalents at the end of the period</b>	<b>8,245</b>	<b>11,009</b>	<b>(2,764)</b>	<b>(25%)</b>	<b>8,611</b>

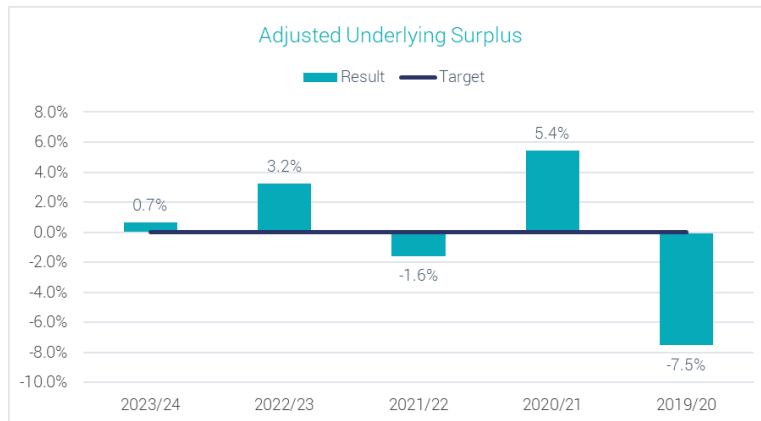


## Section 3 – Year to Date Financial Analysis

### 3.1 Financial Ratios

#### Operating position

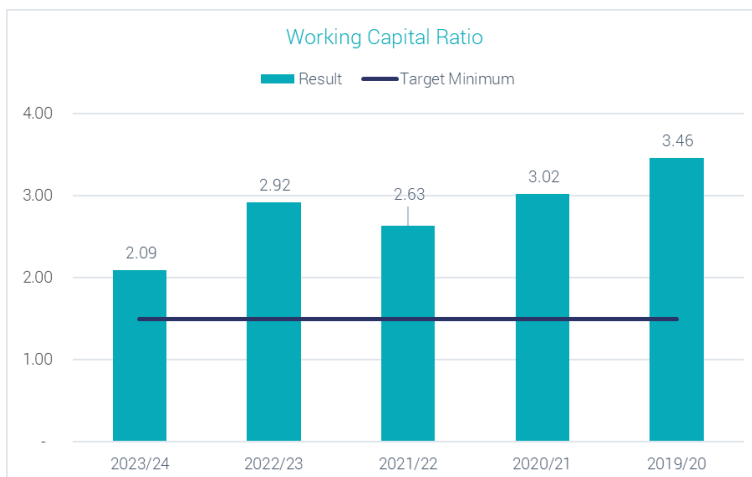
The proposed forecast result is for a \$0.5 million adjusted underlying surplus for the year ended 30 June 2024.



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.



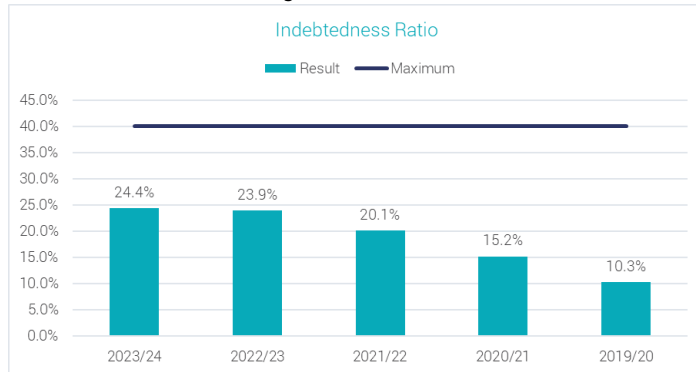
Council’s proposed forecast as of 30 June 2024 has a Working Capital Ratio of 2.09. The decrease in the forecast compared to previous years is due to a decline in cash and cash equivalents and other financial assets (expected to be \$33.0M as of 30 June 2024), to fund the capital works program.

#### 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

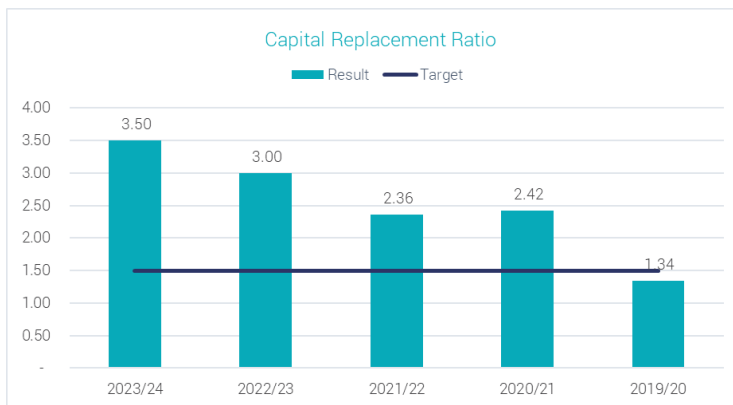
any grants or contributions.

Council’s proposed forecast Indebtedness Ratio as of 30 June 2024 is 24.4 per cent, and is well within the 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 \$25.9M.



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 3.50 for the year ending 30 June 2024, which is well above the target of 1.5.

SOUTH GIPPSLAND SHIRE

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