

SOUTH GIPPSLAND SHIRE COUNCIL

Organisational Performance Report

July 2023 to March 2024



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.

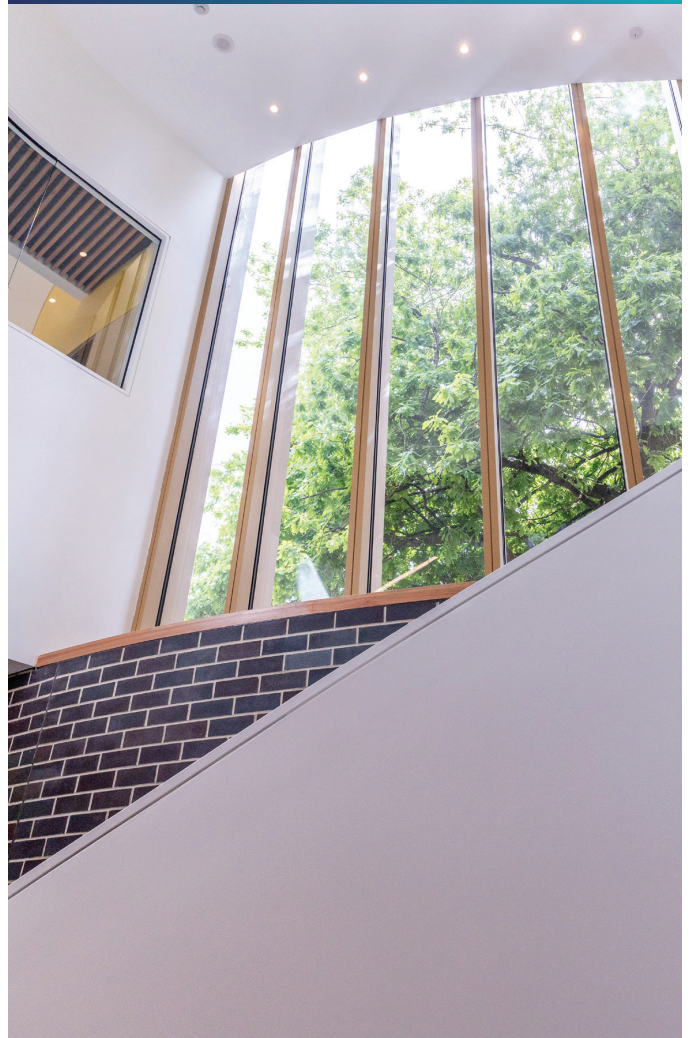
We commit to continuous safety improvement in our road management, planning and processes, and a commitment to advocacy for public and community transport options and Shire wide digital connectivity.

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:

- Ross Street design complete and construction is underway.
- Annual Resheet Program almost complete.
- Delivery of the capital works program is well underway.
- Detailed design for North Poowong Road, Nyora gravel to seal is also well progressed.



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 has ended its term. Projects can still be submitted to Council via the Blueprint.	75%
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.	Delivery of the capital works program is well underway, with many projects under construction or about to commence construction. However, wet weather, storms and other delays have hampered delivery of some programs. Capital expenditure at completion of Q3 is approximately \$19M.	80%
Develop designs for sealing priority gravel roads (a minimum of two kilometres per annum).	Design of Ross Street Meeniyan is complete and construction is underway. Detailed design for North Poowong Road Nyora gravel to seal is well progressed and approaching completion. Obtaining permissions for the project 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. Officers are continuing to work on this project, however progress on these complex matters is slow.	90%
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 in 2024.	90%

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:

- The very successful Mirboo North Italian Festa was held this quarter, supported with event acquisition funding.
- Facilitation of a business workshop on generating cash flow.
- Development of a new Great Southern Rail Trail website and interpretive sign development.
- Relocation of ArtCubes to Meeniyah.
- External funding secured for the Small Halls Music Program.
- Participated in the Victorian Government's Renewable Energy Jobs Plan.



Pictured: The Great Southern Rail Trail

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.	South Gippsland's funding allocation is complete. The Mirboo North Italian Festa was supported during this quarter with a very successful festival held in February 2024.	100%
Implement the annual action plan of the 2021–2031 Economic Development Strategy.	Implementation of actions include: <ul style="list-style-type: none"> Continuing the South Gippsland and Latrobe City Renewable Energy Impact and Readiness Study Continued support of Business and Tourism Associations Supported businesses impacted by the February storm event Participated in the Victorian Government's Renewable Energy Jobs Plan Conducted a business workshop on generating cash flow. 	75%
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 from the Visitor Economy Strategy include: <ul style="list-style-type: none"> Promotion of the South Gippsland Tourism video and external branding activities Update of the Visit South Gippsland website to align to new branding. Implementation of actions from the Great Southern Rail Trail Marketing Plan include: <ul style="list-style-type: none"> Redevelopment of the new GSRT website Interpretative signage development. 	75%
Implement the annual actions of the Arts, Culture and Creative Industries Strategy.	Implementation of actions include: <ul style="list-style-type: none"> Seeking external funding for ArtCube programming Review of the Arts Advisory Committee Location of ArtCubes in Meeniyan 10 projects supported through the South Gippsland Creative Program External funding secured for the Small Halls Music Program. 	75%
Commence the development of a Strategic Plan for Coal Creek Community Park and Museum.	Consultation and engagement commenced.	100%

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:

- 2024 General Local Law adopted at the March Council Meeting.
- Engagement for a new Access and Inclusion Committee has commenced.
- A Community Training calendar was developed in collaboration with the local community and training is now being delivered.
- The registration process for youth and teen Mental Health First Aid instructors is complete.
- The new kindergarten at Korumburra Primary School is complete.



The 2024 General Local Law was adopted at the March Council Meeting

- 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.	75%
Implement actions from the 2022-2026 Municipal Public Health and Wellbeing Plan.	Implementation of actions include: <ul style="list-style-type: none"> • Access & Inclusion Committee engagement process commenced • Community Volunteer Training Program established and underway • Partner and stakeholder activities ongoing. 	80%
Continue to facilitate Community Plan development, consistent with the objectives of Council's Community Strengthening Strategy.	Community Clusters and a schedule of meetings for 2024 established. Community Training Calendar established in consultation with community.	75%
Support and provide funding towards the Live4Life Youth Program. Delivered in partnership with Bass Coast Shire Council and secondary schools across the two municipalities.	South Gippsland, Bass Coast & Live4Life Lead Agency Agreement signed for 12 months and the registration process for Youth & Teen Mental Health First Aid Instructors is complete.	60%
Complete the review of the General Local Law 2014 and develop the General Local Law 2024.	Local Law was adopted by Council at its Ordinary Meeting of 20 March 2024. The Gazzettal Notice has been submitted, it has been published on Council's website, and a copy has been sent to the Minister.	100%
Implement the annual priorities from the Early Years Position Paper.	Completed priorities include: <ul style="list-style-type: none"> • Distribution of Early Years Position Paper • Completion of the Kindergarten at Korumburra Primary School and short-term lease with Department of Education for the Korumburra Kindergarten and implementation of service agreements with all early years service providers in Council-owned properties. • Discussions commenced with the Victorian School Building Authority. 	60%
Annual implementation of the Domestic Animal Management Plan (DAMP) 2022-2025.	Completed actions include: <ul style="list-style-type: none"> • Targeted officer training • Annual inspections of dangerous or menacing dogs • Increased use of social media for greater exposure of lost or impounded animals • Education and inspection of domestic animal businesses. 	75%

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:

- A Proposed Budget and Long-Term Financial Plan have been prepared and will be presented at the April Council Meeting.
- A possible partnership with Bass Coast Shire Council to deliver a combined Community Leadership Program is being investigated.
- Advocacy was strong this quarter with 14 meetings with government representatives held following the February storm event.
- Cyber Security improvement efforts are underway, with remote and on-site Penetration Testing proposals received.



Pictured: Mayor Williams and Kerryn Ellis in Melbourne advocating for South Gippsland following the 2024 storm event.

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.	<ul style="list-style-type: none"> The development of an 'In Your Shoes' training program will be delivered this financial year to all member of the Senior Leadership Team. 	75%
Strengthen Council's Privacy and Cyber Security mechanisms to improve safety of Council data and systems.	<p>Current activities include:</p> <ul style="list-style-type: none"> Remote and on-premise Penetration Testing proposals received Disaster Recovery & Business Continuity Plan review and update deferred following Feb 2024 storm event at Mirboo North Modern training for technology professionals in progress Targeted investment in privacy and cyber security performed. 	60%
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.	The Proposed Annual Budget and 10-year Financial Plan documents have been prepared and will be considered at the April Council Meeting. The proposed exhibition period for community feedback is from 18 April to 5 May 2024.	75%
Council meets its legislative requirements for financial performance reporting via the 2023/24 Annual Report process and unqualified VAGO Audit.	Completed as part of the 2022/23 Annual Report process with an unqualified audit option received from VAGO and presented to the Audit and Risk Committee and Council in September 2023.	100%
Develop and adopt Council's 2023/24 Advocacy Priority Projects.	Council's 2023/24 advocacy priorities were endorsed at the October 2023 Council Meeting. Significant advocacy was undertaken by Council following the February storm event with 14 separate meetings facilitated with government representatives.	100%
Explore partnership opportunities with other councils towards the delivery of a Community Leadership Program in 2024/25.	Investigation of partnership with Bass Coast Shire Council underway.	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 proposed implementation plan was significantly progressed to ensure that implementation of key recommendations can commence during quarter four.	80%

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 principles and themes of the Waste Resource Recovery Plan are under development.
- Wastewater information has been developed and distributed, as an implementation action of the Domestic Wastewater Management Plan
- Council is working with Landcare to explore further options for collaboration.
- Stage 1 of the Climate Action Plan has commenced.



Pictured: Cape Liptrap

- 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 working towards the development of an MOU between the organisations. Opportunities for continued program collaboration are being investigated.	75%
Annual implementation of the Domestic Wastewater Management Plan (DWMP) 2022-2026.	Actions undertaken as part of the Domestic Wastewater Management Plan include: <ul style="list-style-type: none"> • Advocating for improved legislation and standards relating to wastewater • Ongoing liaison with the Environmental Protection Authority • Development and distribution of wastewater management information. 	75%
Commence implementation of Council's Integrated Water Management (IWM) Plan for South Gippsland.	A draft report has been completed following stakeholder engagement. The draft will be finalised for Council consideration.	80%
Finalise the development of the Waste Management Plan (formerly Waste Management Strategy).	Renamed to Waste and Resource Recovery Plan (WRRP). The principles and themes of the draft plan are under development.	75%
Commence the development of a Climate Action Plan.	Stage 1 of the development of the Climate Action plan is well progressed.	75%
Implement and maintain the Tree Replacement Plan for trees removed by Council.	Current Tree Management Plan has been reviewed, no changes at this time.	80%

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:

- A Coastal Strategy draft implementation options report has been completed. This will be presented for consideration by the Victorian government.
- Social and Affordable Housing opportunities with the South Gippsland Planning Scheme are being explored.
- The Industrial Land Supply Strategy is almost complete.
- Consultation on Planning Scheme Amendments relating to the Planning Scheme concluded.



Pictured: Venus Bay

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 the Social & Affordable Housing Strategy continues through: <ul style="list-style-type: none"> • Advocacy to the Minister for Housing • Investigation around future opportunities within the South Gippsland Planning Scheme. 	60%
Implement actions from the Industrial Land Supply Strategy.	The draft Industrial Land Supply Strategy is final stages of completion.	75%
Undertake Planning Scheme Amendments to implement the recommendations from the recent review of South Gippsland Shire Planning Scheme.	The exhibition period complete and submissions negotiated to resolution.	75%
Implement the findings of the Coastal Strategy investigation and recommend new Planning Scheme provisions through a Planning Scheme Amendment (Part Two).	A draft implementation option report has been finalised for consideration by the Victorian Government.	75%
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.	Investigation and data gathering underway in line with project scope.	50%

SOUTH GIPPSLAND SHIRE COUNCIL

Financial Report

1 July 2023 to 31 March 2024



*South Gippsland Shire
Organisational Performance in 2023/24*



*South Gippsland
Shire Council*

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Section 1 – Financial Report Overview and Progress

3rd Quarter FY2023/24

- YTD net operating surplus \$0.7 million, which is \$3.8 million favourable to the YTD approved forecast deficit (\$3.1 million).
- YTD cash deficit (\$11.5million), which is \$5.6 million favourable to the YTD approved forecast deficit (\$17.1 million).
- YTD expenditure on capital works projects is \$19.4 million, 17 per cent behind of the \$23.3 million YTD approved forecast.
- \$30.5 million invested in term deposits, \$7.9 million held in at call account. The average investment rate during March was 5.06 per cent.
- Total borrowings is currently at \$8.3 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 March 2024 which removes non-cash items and adds back cash items that are excluded from the financial statements.

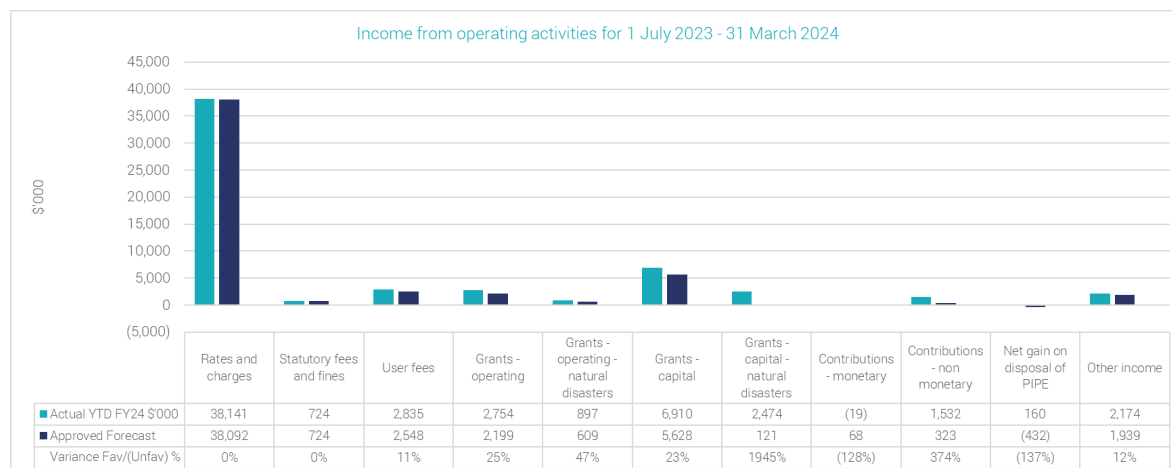
	Year to Date			Full Year		
	Actual YTD FY24 \$'000	Approved Forecast \$'000	Variance Fav/(Unfav) \$'000	Approved Forecast \$'000	Proposed Forecast \$'000	Adopted Budget \$'000
Income Statement						
Income	58,582	51,819	6,763	76,778	77,028	80,714
Expenditure	57,879	54,935	(2,944)	76,340	76,476	72,049
Net surplus / (deficit) - ongoing operations	703	(3,116)	3,819	438	552	8,665
Management Accounting result						
<i>Add back (less) non cash items</i>						
Depreciation	9,667	9,667	0	12,878	12,878	12,047
Amortisation - right of use assets	69	69	0	92	92	92
Amortisation - intangible assets	0	0	0	0	0	0
Landfill provision	0	0	0	0	0	0
Contributions - non-monetary	(1,532)	(323)	1,209	(431)	(431)	(431)
Assets written off	0	0	0	0	0	0
Found assets (recognised)	(797)	0	797	0	0	0
Fair value adjustments of investment properties	0	0	0	0	0	0
Written down value of assets sold/disposed	969	724	(245)	2,111	2,111	1,824
Sub total	8,376	10,137	(1,761)	14,650	14,650	13,532
Net operating surplus	9,079	7,021	2,058	15,088	15,202	22,197
<i>Less (add) non operating cash items</i>						
Capital Works expenditure	19,372	23,323	3,951	39,863	38,285	36,833
Transfers to/(from) Reserves	417	0	(417)	336	336	434
New loan borrowings	0	0	0	(1,150)	0	(3,150)
Loan Repayments	703	737	34	984	984	1,112
Lease Repayments	68	66	(2)	89	89	91
Sub total	20,560	24,126	3,566	40,122	39,694	35,320
Cash surplus / (deficit)	(11,481)	(17,105)	5,624	(25,034)	(24,492)	(13,123)

The movement between the Adopted Budget and Approved Forecast is due to the changes made in the Q2 forecast, which were approved by Council in the Organisational Performance Report on March 20, 2024. The Approved Forecast also includes the year-end carry forwards from 2022/23, which were endorsed by the Council in the 2022/23 Carry Forwards and End of Year Financials report on October 18, 2023. The proposed forecast includes any adjustments identified as at the end of March 2024.

Year to date (YTD) income is \$58.6 million which is \$6.8 million more as compared to the approved forecast.

This is mainly due to \$2.4 million grant funding received for the 9 June 2021 storm event, as well as grant funding received earlier than anticipated for Roads to Recovery Capital (\$0.5 million) and the Leongatha & Korumburra Railway Station Precincts project (\$0.6 million). YTD expenditure is \$57.9 million which is \$2.9 million more as compared to the approved forecast due to \$3.0 million unbudgeted expenditure on numerous flood and storm events. Overall Council is \$5.6 million favourable to the net YTD forecast.

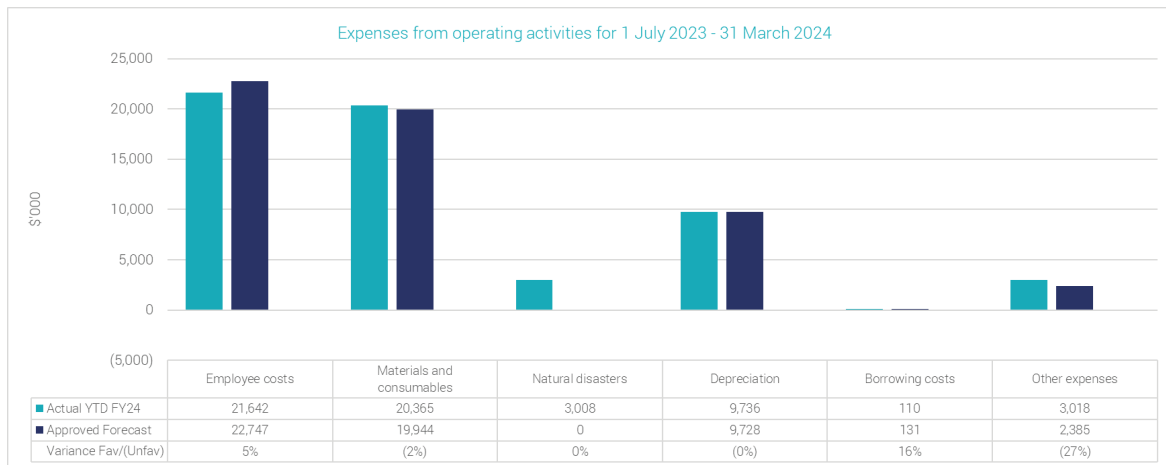
Operating Income



Income variances against approved forecast

Category	Variance Fav/(Unfav) \$'000	Commentary
User fees	287	Due to receiving more council fees and charges within Local Laws \$0.1M and Landfill Operations \$0.1M than anticipated, at this stage a timing issue only.
Grants - operating	555	Due to the timing of the recognition of grants revenue.
Grants - operating - natural disasters	288	Primarily due to the grant funding received for the council flood support fund for the 26 December 2023 storm event, not previously budgeted for.
Grants - capital	1,282	Due to the grant funding received earlier than forecast for the Roads to Recovery Capital \$0.5M and the Leongatha & Korumburra Railway Station Precincts project \$0.6M
Grants - capital - natural disasters	2,353	Due to the grant funding received for the 9 June 2021 storm event, not previously budgeted for.
Contributions - monetary	(87)	\$0.04M is outstanding for the municipal lighting project. \$0.05M for Statutory Planning open space contributions not received in line with forecast.
Contributions - non monetary	1,209	Due to the timing of gifted and found assets being recognised and the conservative approach to budgeting for these contributions.
Other income	235	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	(3,008)	Due to unbudgeted expenditure on numerous flood and storm events including the 3rd of October 2023 flood event (\$0.3M), 26th of December 2023 storm event (\$0.5M), 13th of February 2024 storm event (\$1.9M).
Borrowing Costs	21	Due to less interest on borrowings than forecast.
Other expenses	(633)	Due to the disposal of infrastructure assets not sold and written down values (633) 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.

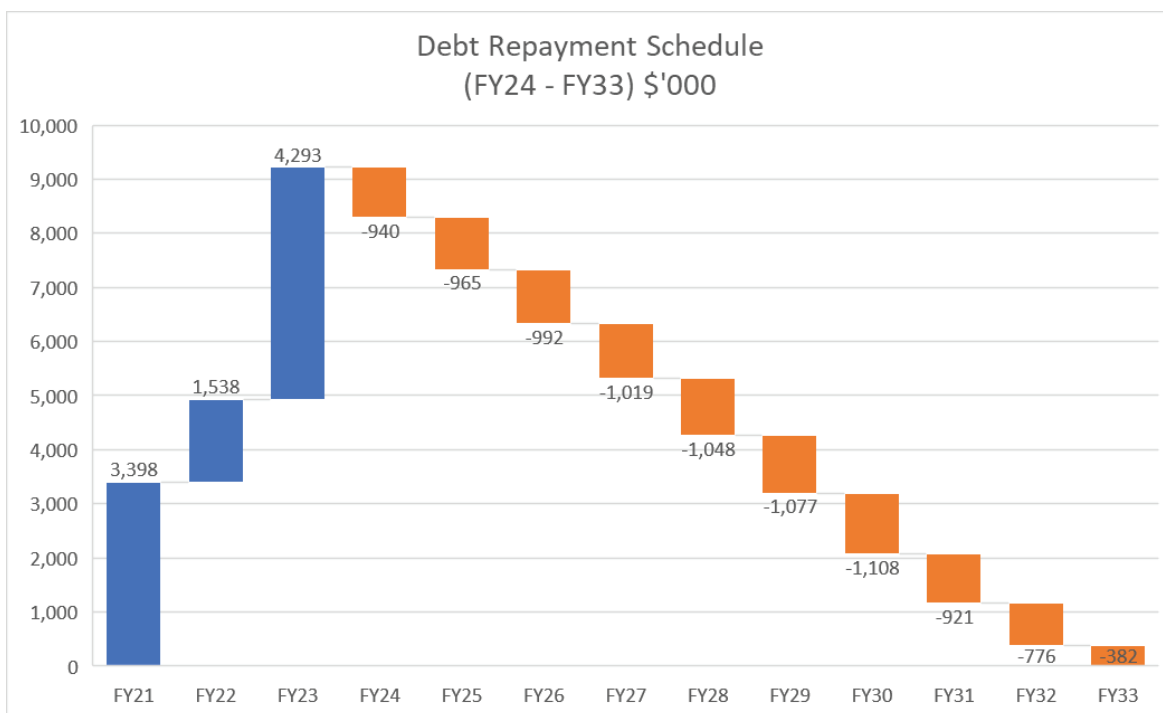
The capital expenditure to March 2024 is \$19.4 million, which is 17 percent less than the forecasted amount of \$23.3 million. This can be attributed to various factors including adverse weather conditions affecting the Road rehabilitation program, heritage permit processes impacting the Korumburra Rail Precinct Redevelopment project, as well as a delayed commencement of the Korumburra Streetscape project.

	Actual YTD FY24 \$'000	Approved Forecast \$'000	Variance Fav/(Unfav) %	Approved Forecast \$'000	Proposed Forecast \$'000	Adopted Budget \$'000
Property						
Buildings	2,304	2,912	21%	7,648	7,268	7,090
Total Property	2,304	2,912	21%	7,648	7,268	7,090
Plant and equipment						
Plant, machinery and equipment	2,793	2,021	(38%)	4,452	4,452	3,825
Computers and telecommunications	169	736	77%	981	981	985
Total Plant and Equipment	2,962	2,757	(7%)	5,433	5,433	4,810
Infrastructure						
Roads	8,391	9,877	15%	14,129	14,129	10,821
Bridges	125	100	(25%)	287	287	263
Major culverts	250	212	(18%)	212	212	100
Footpaths and cycleways	442	526	16%	1,158	1,158	900
Drainage	170	135	(26%)	321	321	184
Car parks	299	312	4%	312	312	0
Kerb	216	188	(15%)	250	250	0
Waste	2,394	2,780	14%	4,299	4,251	3,967
Other infrastructure	1,819	3,524	48%	5,814	4,664	8,698
Total Infrastructure	14,106	17,654	20%	26,782	25,584	24,933
Total Capital Works Expenditure	19,372	23,323	17%	39,863	38,285	36,833

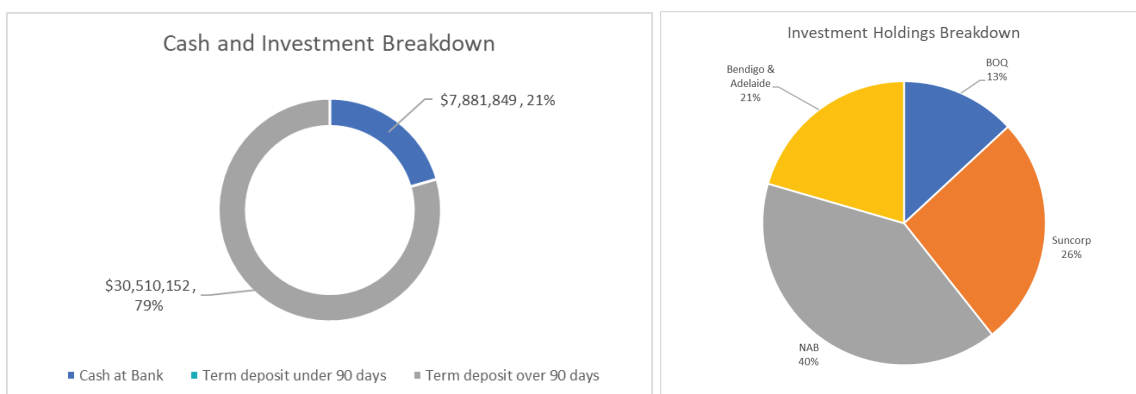
1.3 Treasury

As detailed below, Council have paid \$0.7 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 March 2024			Full Year		
	Opening Balance	Principal Repaid	Closing Balance	Opening Balance	Repayments	Closing Balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Loans	940	0	940	940	25	965
Non-Current Loans	8,289	(702)	7,587	8,289	(965)	7,324
	9,229	(702)	8,527	9,229	(940)	8,289



Cash and investment holdings total \$38.4 million as of 31 March 2024, a decrease of \$10.7 million from the 30 June 2023 balance of \$49.1 million. Council has \$30.5 million in term deposits earning an average interest rate of 5.06%. The investment holdings breakdown is summarised in the graphs below:

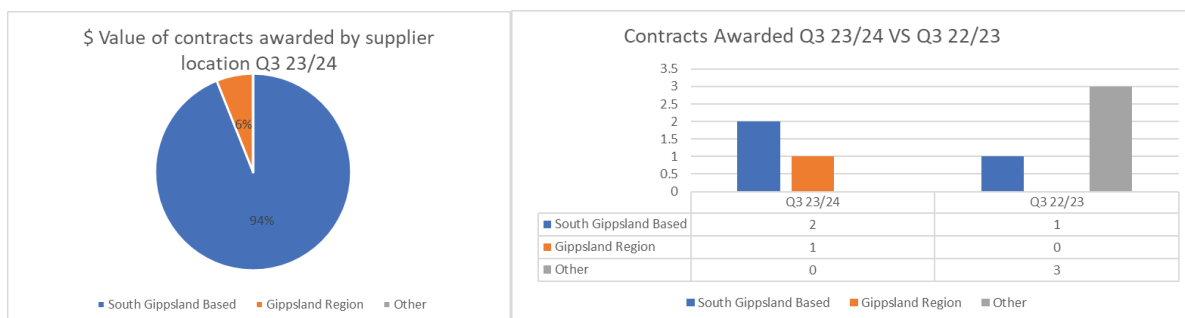


1.4 Local Procurement

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 January 2024 – 31 March 2024:

Contract Number	Contract Name	Date of Award	Supplier	Estimated Contract Value (Ex. GST)	Contract Period	Supplier Location
CON/378	Korumburra Commercial Street Streetscape – Civil Construction	3/01/2024	Hugh Patrick Pty Ltd T/A BJs Earthmoving	\$ 1,993,903	40 weeks	South Gippsland Based
CON/390	Construction of Retaining Wall, 18 Smith Street Loch	22/01/2024	A1 Civil Pty Ltd	\$ 155,027	Practical Completion due 1 March 2024	Gippsland Region
CON/397	Shingler Street Leongatha Road Rehabilitation	21/03/2024	Hugh Patrick Pty Ltd T/A BJs Earthmoving	\$ 408,417	12 weeks	South Gippsland Based



Section 2 – Financial Statements

2.1 Income Statement as at 31 March 2024

	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
INCOME								
Rates and charges	38,141	38,092	0.1%	36,222	5%	50,631	50,631	50,681
Statutory fees and fines	724	724	0%	807	(10%)	983	983	1,144
User fees	2,835	2,548	11%	3,273	(13%)	4,134	4,134	4,117
Grants - operating	2,754	2,199	25%	3,794	(27%)	2,934	2,934	13,486
Grants - operating - natural disasters	897	609	47%	1,578	(43%)	777	1,027	0
Grants - capital	6,910	5,628	23%	8,459	(18%)	10,235	10,235	7,434
Grants - capital - natural disasters	2,474	121	1,945%	3,362	(26%)	2,902	2,902	105
Contributions - monetary	(19)	68	(128%)	814	(102%)	308	308	966
Contributions - non monetary	1,532	323	374%	0	100%	431	431	431
Net gain on disposal of PIPE	160	(432)	(137%)	29	452%	933	933	665
Other income	2,174	1,939	12%	1,628	34%	2,510	2,510	1,685
Total Income	58,582	51,819	13%	59,966	(2%)	76,778	77,028	80,714
EXPENSES								
Employee costs	21,642	22,747	5%	20,769	(4%)	30,777	30,777	29,634
Materials and consumables	20,365	19,944	(2%)	18,322	(11%)	28,579	28,478	26,788
Natural disasters	3,008	0	(100%)	558	(439%)	468	718	0
Depreciation	9,736	9,728	(0.1%)	9,245	(5%)	12,970	12,970	12,139
Borrowing costs	110	131	16%	69	(59%)	175	162	216
Other expenses	3,018	2,385	(27%)	2,889	(4%)	3,371	3,371	3,272
Total Expenses	57,879	54,935	(5%)	51,852	(12%)	76,340	76,476	72,049
Net Surplus / (Deficit)	703	(3,116)	123%	8,114	(91%)	438	552	8,665

2.2 Balance Sheet as at 31 March 2024

	Year to Date				Full Year
	Actual YTD	Actual YTD	Year over Year Variance		Adopted
	FY24 \$'000	FY23 \$'000	Fav/(Unfav) \$'000	%	Budget \$'000
Current Assets					
Cash and cash equivalents	7,882	12,191	(4,309)	(35%)	8,611
Trade and other receivables	17,005	15,270	1,735	11%	6,728
Other financial assets	30,510	34,271	(3,761)	(11%)	11,000
Inventories	238	218	20	9%	176
Other assets	30	20	10	50%	348
Total Current Assets	55,665	61,970	(6,305)	(10%)	26,863
Non-Current Assets					
Property, infrastructure, plant and equipment	774,233	672,554	101,679	15%	708,436
Right-of-use-assets	292	384	(92)	(24%)	270
Investment property	820	727	93	13%	727
Total Non-Current Assets	775,345	673,665	101,680	15%	709,433
TOTAL ASSETS	831,010	735,635	95,375	13%	736,296
Current Liabilities					
Trade and other payables	4,192	5,622	1,430	25%	6,242
Unearned income	2,950	4,536	1,586	35%	4,922
Trust funds and deposits	1,430	1,105	(325)	(29%)	1,552
Provisions	6,584	6,479	(105)	(2%)	6,684
Interest-bearing loans and borrowings	940	645	(295)	(46%)	1,271
Lease liabilities	23	23	0	0%	92
Unearned rates revenue	12,484	11,938	(546)	(5%)	0
Total Current Liabilities	28,603	30,348	1,745	6%	20,763
Non-Current Liabilities					
Provisions	5,011	6,270	1,259	20%	6,141
Interest-bearing loans and borrowings	7,587	7,041	(546)	(8%)	9,932
Lease liabilities	273	364	91	25%	181
Total Non-Current Liabilities	12,871	13,675	804	6%	16,254
TOTAL LIABILITIES	41,474	44,023	2,549	6%	37,017
NET ASSETS	789,536	691,612	97,924	14%	699,279

2.3 Cashflow Statement for the period 1 July 2023 to 31 March 2024

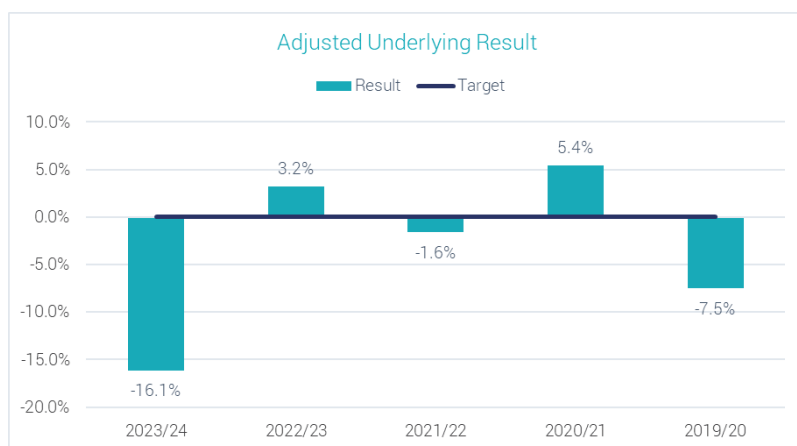
	Actual YTD FY24 \$'000	Actual YTD FY23 \$'000	Year over Year Variance Fav/(Unfav) \$'000 %		Full Year Adopted Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Rates and charges	41,177	40,475	702	2%	50,284
Statutory fees and fines	724	807	(83)	(10%)	1,253
User fees	3,433	3,948	(515)	(13%)	4,510
Grants - operating	3,063	4,387	(1,324)	(30%)	13,431
Grants - capital	9,384	11,821	(2,437)	(21%)	7,508
Contributions - monetary	(19)	814	(833)	(102%)	966
Interest received	1,464	565	899	159%	500
Other receipts	921	908	13	1%	7,276
Employee costs	(21,582)	(20,823)	(759)	4%	(29,735)
Materials and services	(27,076)	(20,160)	(6,916)	34%	(29,567)
Other payments	(2,505)	(2,871)	366	(13%)	(3,610)
Net cash provided by (used in) operating activities	8,984	19,871	(10,887)	(55%)	22,816
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, infrastructure, plant & equipment	(19,372)	(21,193)	1,821	(9%)	(40,515)
Proceeds from sale of property, infrastructure, plant & equipment	616	51	565	1108%	2,738
Payments for / from Other Financial Assets	761	2,999	(2,238)	(75%)	8,000
Net cash provided by (used in) investing activities	(17,995)	(18,143)	148	(1%)	(29,777)
CASHFLOWS FROM FINANCING ACTIVITIES					
Finance costs	(119)	(64)	(55)	86%	(211)
Proceeds from borrowings	0	0	0	0%	3,150
Repayment of borrowings	(702)	2,750	(3,452)	(126%)	(1,112)
Repayment of leases	(68)	(67)	(1)	1%	(96)
Net cash provided by (used in) financing activities	(889)	2,619	(3,508)	(134%)	1,731
Net increase (decrease) in cash and cash equivalents	(9,900)	4,347	(14,247)	(328%)	(5,230)
Cash and cash equivalents at the beginning of the financial year	17,782	7,846	9,936	127%	13,841
Cash and cash equivalents at the end of the period	7,882	12,193	(4,311)	(35%)	8,611

Section 3 – Year to Date Financial Analysis

3.1 Financial Ratios

Operating position

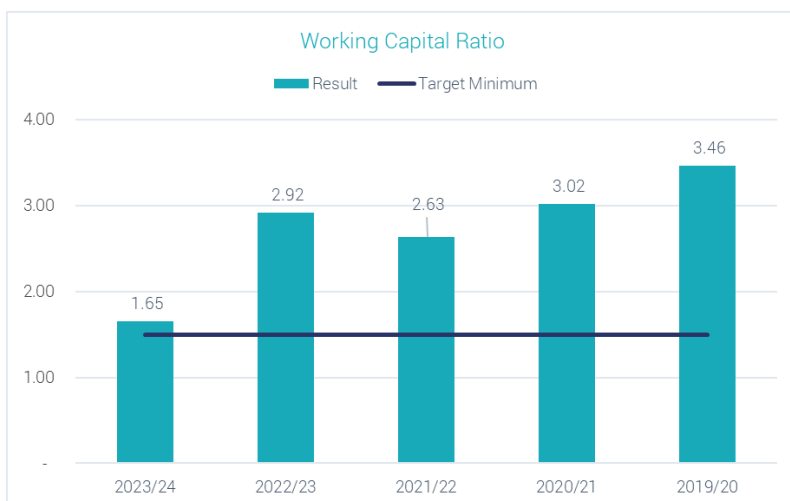
The adjusted underlying result demonstrates Council’s ability to generate a surplus in its ordinary course of business, excluding non-recurrent capital grants, non-monetary asset contributions and other contributions to fund capital works from its net result. A surplus or increasing surplus suggest an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



The adjusted underlying result for 2023/24 is forecast to be a deficit 16.1% due to the early receipt of the Victorian Grants commission 2023/24 allocation in last financial year. As there has been no indication that the 2024/25 allocation will again be paid early in this financial year, this has been conservatively forecast at zero.

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 1.65. 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 \$31.4M as of 30 June 2024), to fund the capital works program.

Obligations

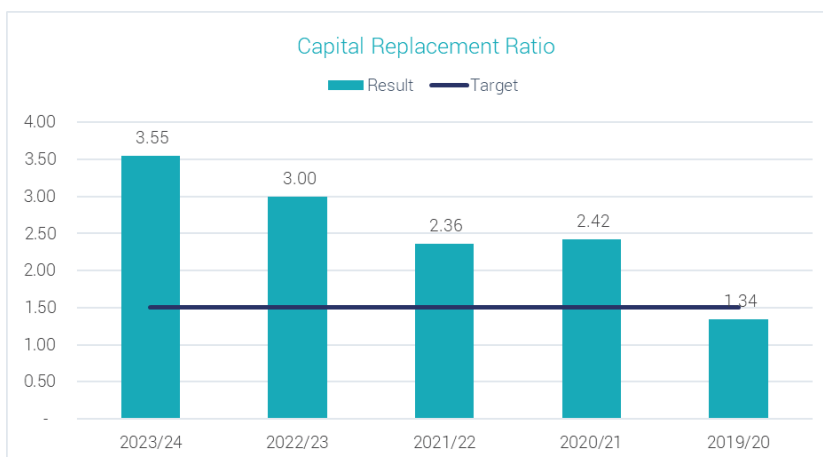
The Indebtedness Ratio Percentage measures Council's ability to pay the principal and interest on borrowings when they are due from the funds it generates. Own-sourced revenue is used in the calculation, not including any grants or contributions.

Council's proposed forecast Indebtedness Ratio as of 30 June 2024 is 19.6 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 3.55 for the year ending 30 June 2024, which is well above the target of 1.5.

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South Gippsland
Shire Council