

SOUTH GIPPSLAND SHIRE COUNCIL

Annual Report 2021/22



*South Gippsland Shire Council
year in review.*

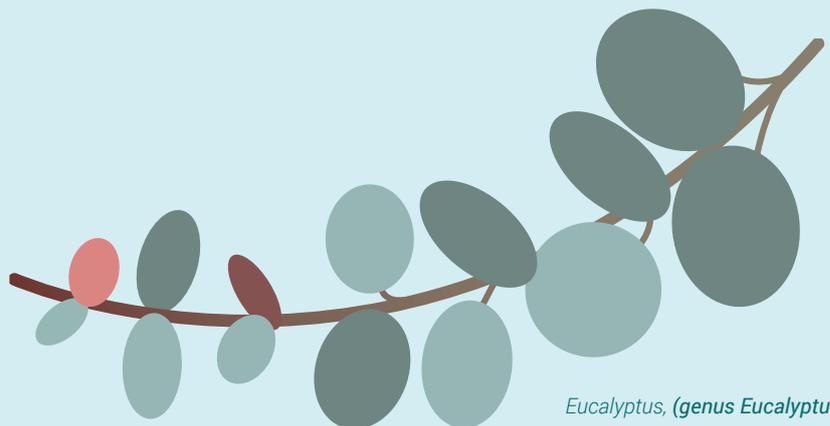
Purpose of this Document

South Gippsland Shire Council's *2021/22 Annual Report* provides a detailed account of Council's achievements, challenges and performance during the past financial year. It demonstrates the breadth of Council's operations and the diversity of services delivered to the community.

This report is prepared as a key component of Council's commitment to transparent reporting and accountability to our community and to meet statutory reporting requirements under the *Local Government Act 2020* (Act). All councils must present an Annual Report to an open meeting of Council by 31 October each year.

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)

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Point Smythe

Front Cover: Walkerville

Message from the Mayor

“My fellow Councillors and I are proud and delighted to share with the community the 2021/22 Annual Report”

Cr Mohya Davies

Mayor

South Gippsland Shire Council



To all the members of the South Gippsland community,

It is with great pleasure that I present to you the first Annual Report since we were elected in November 2021, for 2021/22 financial year.

Since being elected, a lot has been done that is in some instances, reflected in this report. One of the largest parts for Councillors has been getting up to speed on what happens at Council, including understanding what needs to be done and how quickly. To do that, we went through an intensive induction process that taught us what our new role was going to entail and about the breadth of services Council offers. Understanding the strategic nature of our role and how we can work on the business, rather than in it, was also part of our induction.

Being a new Councillor can be extremely challenging and requires a different way of thinking as well as working with our community. However, we have and continue to have phenomenal support from the Chief Executive Officer Kerryn Ellis, the Executive Leadership Team and every level of staff. For that, we cannot be more grateful and it has really set us up to represent our community in the best way we possibly can.

When we were going through the election, many of the Councillors you see today promised something – that we would be visible. We wanted our community to see what we were doing, how we were keeping our promises to them, and how seriously we took our new role. An area where we believe we did this really well was the *Shaping South Gippsland* community engagement.

An engagement on this scale had not been seen before in South Gippsland and Councillors were at every event. We put our hands up in droves, organised who was attending around COVID-19 sickness and other commitments, and we listened. We listened to you because that is what we also promised you that we would do. We took notes, we helped put stickers on boards, anything we could to capture what you were telling us. Record numbers of South Gippslanders voiced their thoughts on some of our most pivotal plans and strategies including the *Council Plan, Community Vision, Budget and Long-Term Financial Plan*.

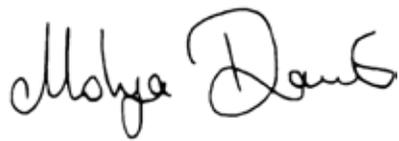
*“2021/22 Annual Report - year in review of
South Gippsland Shire Council”*

Not only did we listen, we did something about it. We spent time considering all of the feedback received and actively changed parts of the plans and strategies that we could. We went a step further too, by spelling out exactly what we changed in an Engagement Report that can be found on Council's engagement platform *Your Say South Gippsland*.

Work like this, and other projects highlighted in this report, don't happen without the Council staff. They have delivered an exceptional amount of work whilst juggling a number of challenges such as staff being off sick with COVID-19 and other illnesses, and supply chain issues. I want to take this opportunity to thank all of the staff who have made this such a successful year. Their hard work should never be underestimated.

I would also like to thank the Administrators for setting a great base for Councillors to start off strongly both from a strategy and financial perspective.

I look forward to seeing next years report and talking about the work that has been done by a deeply impressive team of passionate individuals.



Cr Mohya Davies

Mayor
South Gippsland Shire Council



South Gippsland Councillors (Left to Right):
Cr Nathan Hersey (Deputy Mayor), Cr Jenni Keerie, Cr Sarah Gilligan, Cr Adrian Darakai, Cr John Schelling,
Cr Mick Felton, Cr Clare Williams, Cr Scott Rae, Cr Mohya Davies (Mayor)

Message from the CEO

"I am proud to present this Annual Report document which provides the year in review of 2021/22"

Kerryn Ellis

Chief Executive Officer

South Gippsland Shire Council



To all the members of the South Gippsland community,

It is my pleasure to present to the Council and our community the South Gippsland Shire Council Annual Report for the 2021/22 financial year. This year has been a very significant one for Council and the community, and I am delighted to report on the comprehensive program of work the organisation has delivered, in partnership with our newly elected Councillors and our community.

Following a period of considerable disruption for our community, the highlight of this year was the opportunity to welcome local democracy back to South Gippsland. The election of our new Councillors in November 2021 drew a line under the previous years of disruption, and provided the opportunity for the community and the Council to look forward to a positive and optimistic future for our beautiful Shire. It has been an honour to work with our nine new Councillors over the past eight months, and to support them to transition successfully into their roles as Councillors. A comprehensive Councillor onboarding program was delivered to assist the Councillors, and it was terrific to see the very positive way in which all nine Councillors engaged with this program during their early months in the role.

From their earliest days in the role, the Councillor group also took the lead on designing and delivering the *Shaping South Gippsland* community engagement, the largest and most comprehensive community engagement program ever undertaken in South Gippsland. It was exciting to see Councillors personally participating and engaging in thoughtful and deliberative conversations with all parts of our community, over the five month program. The information and aspirations shared by our community through this process informed the development of the new *Community Vision*, and the *Council Plan* which established the objectives and priority actions for the Council term. The *Council Plan* in turn informed development of the Council's *Long-Term Financial Plan* and the four-year *Budget*, which provide the resources required to deliver on Council's Plan.

This was a comprehensive, Councillor-led program and one which places Council and the community in a strong position for this Council term and beyond.

*"2021/22 Annual Report - year in review for
South Gippsland Shire Council"*

Along with supporting the Council to deliver on this important program of work, the organisation has continued its strong track record of delivery for our community, despite the continuing challenges of COVID-19. Significant workforce shortages along with escalating construction costs continue to present challenges to Council and the businesses throughout our community, and will remain an area of focus in coming years. Despite these challenges, Council remains in a strong financial position, and has delivered or significantly progressed all the actions in our *Council Plan* and capital works program in 2021/22.

Since our last annual report, the Bair Street Leongatha Redevelopment has been completed much to the glee of businesses and the community. Mirboo North Outdoor Pool and the Foster Stadium have also been completed with warm openings with our respective communities. Work on the Korumburra Community Hub site has significantly progressed as well, and the Leongatha Early Learning Centre has successfully commenced its build. The Great Southern Rail Trail Extension Project was also completed from Leongatha to Korumburra and opened in March 2022. The section between Korumburra and Nyora has been substantially progressed.

As an organisation we have continued to rethink how we work to provide flexibility and balance to our staff, to continuously improve productivity and to meet the changing needs of our community. The introduction of a hybrid plus flexible working arrangement has commenced, and will improve our effectiveness, provide great benefits to our staff, and be a draw card for South Gippsland Shire Council attracting high calibre candidates for future positions. This year we also delivered a number of key strategies to support attraction and retention of our skilled workforce, and to ensure project and service delivery will continue for our community. The *Gender Equity Strategy and Plan*, *Workforce Strategy*, and *Health and Wellbeing Strategy* have all been delivered this year, and will all position South Gippsland to be an attractive employer into the future.

On behalf of the organisation, I would like to thank Administrators Julie Eisenbise, Christian Zahra and Rick Brown for their support as Council and the community transitioned back to local democracy this financial year. The Administrators finished up with Council once the new Council had been sworn in, and we appreciated their support and guidance during their term.

I would also like to thank the organisation for their ongoing professionalism, pride and passion for our community, and for continuing to go above and beyond to make South Gippsland a terrific place to live, work and visit.

Finally, I'd like to congratulate South Gippsland's Mayor Cr Mohya Davies, Deputy Mayor Cr Nathan Hersey and Councillors Adrian Darakai, Mick Felton, Sarah Gilligan, Jenni Keerie, Scott Rae, John Schelling and Clare Williams on a very successful first eight months in the role. I look forward to working together and supporting Councillor success for the remainder of their term.



Kerryn Ellis
Chief Executive Officer
South Gippsland Shire Council

Councillors

Coastal-Promontory Ward



Cr Mohya Davies (Mayor)

Elected: November 2021
t: 0484 926 093
e: Cr.mohya.davies@southgippsland.vic.gov.au



Cr Sarah Gilligan

Elected: November 2021
t: 0484 921 547
e: Cr.sarah.gilligan@southgippsland.vic.gov.au



Cr Scott Rae

Elected: November 2021
t: 0484 929 738
e: Cr.scott.rae@southgippsland.vic.gov.au

Strzelecki Ward



Cr Mick Felton

Elected: November 2021
t: 0484 941 411
e: Cr.mick.felton@southgippsland.vic.gov.au



Cr Nathan Hersey (Deputy Mayor)

Elected: November 2021
t: 0458 974 564
e: Cr.nathan.hersey@southgippsland.vic.gov.au



Cr Jenni Keerie

Elected: November 2021
t: 0484 919 264
e: Cr.jenni.keerie@southgippsland.vic.gov.au

Tarwin Valley Ward



Cr Adrian Darakai

Elected: November 2021
t: 0484 919 887
e: Cr.adrian.darakai@southgippsland.vic.gov.au



Cr John Schelling

Elected: November 2021
t: 0418 595 346
e: Cr.john.schelling@southgippsland.vic.gov.au



Cr Clare Williams

Elected: November 2021
t: 0484 918 850
e: Cr.clare.williams@southgippsland.vic.gov.au

Our Executive Leadership Team

The Council appoints a Chief Executive Officer (CEO) to manage the day-to-day operations of the Council in accordance with the strategic directions of the Council Plan.

The CEO together with three directors form an Executive Leadership Team (ELT) that leads the organisation with support from department managers and staff.



South Gippsland Executive Leadership Team (Left to Right):
Anthony Seabrook, Director Sustainability Infrastructure, Kerryn Ellis, Chief Executive Officer,
Allison Jones, Director Performance and Innovation, Renae Littlejohn, Director Economy and Community

**CHIEF
EXECUTIVE
OFFICER**

**KERRY
ELLIS**



RESPONSIBILITY

- ORGANISATION

Kerryn Ellis is a passionate public sector leader with over twenty five years' experience, who is energised by working with communities in a context of rapid change.

Kerryn's main professional love is building high performing, ethical and agile organisations with values-based leadership working in partnership to deliver great outcomes with the community.

Kerryn's current role is Chief Executive Officer of South Gippsland Shire Council.

Prior to this position, Kerryn held the positions of Director Corporate Services at Victoria's Independent Broad-based Anti-corruption Commission and Director Corporate Performance with the City of Greater Bendigo.

Kerryn holds a Bachelor of Arts, a Master of Commerce and a Graduate Diploma of Public Policy and Management.

Kerryn is a current board member of LGPro, and was recognised as one of the IPAA Top 50 Public Sector Women for 2021.

DIRECTOR
ECONOMY AND
COMMUNITY

**RENAE
LITTLEJOHN**



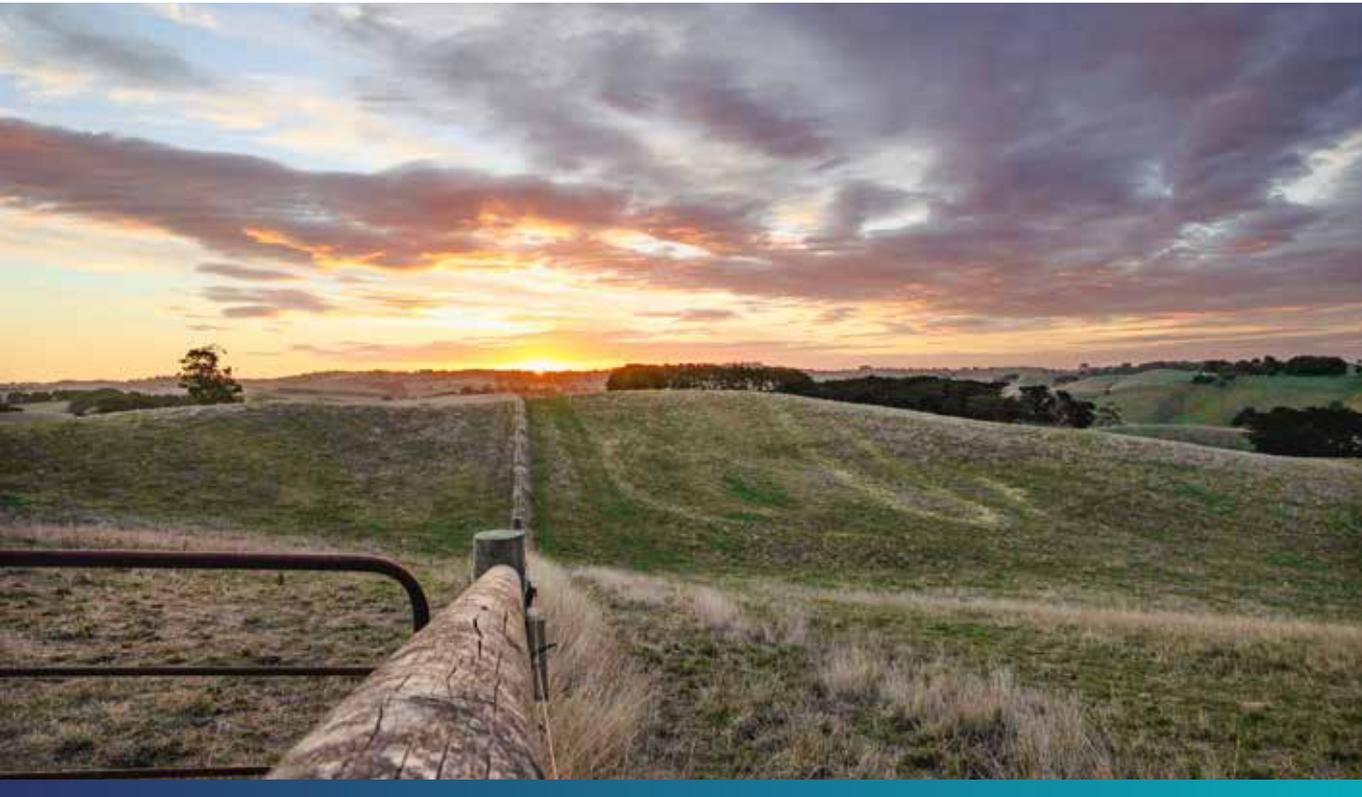
RESPONSIBILITY

- COMMUNITY HEALTH AND SAFETY
- ECONOMY, COMMUNITY AND INVESTMENT
- PLANNING AND BUILDING SERVICES

Renae Littlejohn is a creative leader who is passionate about partnering with community and business in pursuit of sustainable growth and development. Renae’s strategic approach and commitment to developing high performing teams creates connection between people and support networks. It also leads to greater community confidence and self-advocacy.

A proud South Gippslander, Renae has a diverse background in education, tourism, arts and culture, and business. She holds a Bachelor of Arts and a Graduate Diploma in Education, and a Master of Arts and Entertainment Management.

Renae’s commitment to professional development and life-long learning is also reflected in her participation in the Gippsland Community Leadership Program (GCLP) in 2010, LGPro’s Mastering Management in 2019, Women and Leadership Australia’s Advanced Leadership Program in 2020, and most recently, LGPro’s Executive Leadership Program (XLP).



Renae and surrounds

DIRECTOR
PERFORMANCE
AND INNOVATION

**ALLISON
JONES**



RESPONSIBILITY

- CUSTOMER INFORMATION AND ADVOCACY
- DIGITAL AND TECHNOLOGY
- FINANCIAL STRATEGY
- GOVERNANCE
- PEOPLE AND CULTURE

Allison Jones is a highly accomplished, visionary, humble and collaborative senior executive in the local government sector. With over 17 years experience of delivering at the executive level, a track record in financial management, with an engaging and empowering leadership style, strong in governance and advocacy.

Allison is a person who creates strong engagement with Councillors, the community and stakeholders. As an economist, Allison is commercially aware and has an outstanding record in advocating for the needs of all communities. Allison has a reputation for consistent high quality delivery that is on time and on budget. A leader who strives in continuous improvement, a team player with drive and an underlying dedication to creating a culture of excellence.

DIRECTOR
SUSTAINABLE
INFRASTRUCTURE

**ANTHONY
SEABROOK**



RESPONSIBILITY

- INFRASTRUCTURE DELIVERY
- INFRASTRUCTURE MAINTENANCE
- INFRASTRUCTURE PLANNING
- OPEN SPACE AND ENVIRONMENT

Anthony Seabrook is an experienced and creative leader, committed to growing his people and delivering public infrastructure for the South Gippsland community.

Anthony has extensive experience in both the private and public sectors, has qualifications in engineering, as well as having completed the LGPro XLP program.

Anthony is passionate about developing his diverse workforce, and using technology to improve infrastructure delivery, as well as ensuring his teams are well supported in their work in the field.

Council's Vision

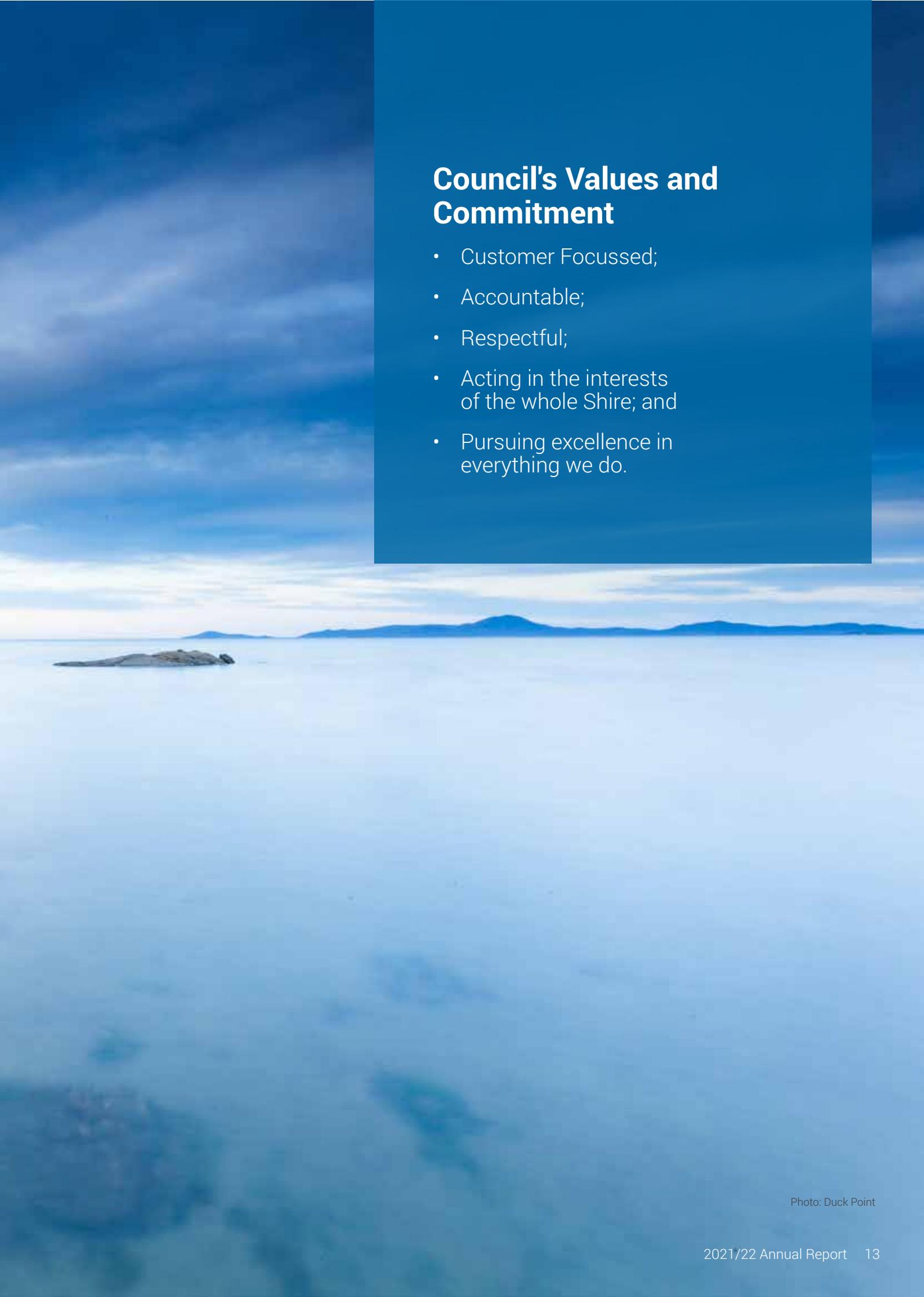
By 2024 Council aims to:

- Be known for being customer focused;
- Have made significant progress to entrench a sense of shared community direction across the Shire;
- Have successfully delivered the agreed Capital Works Program; and
- Be known for excellence in the services we deliver.

Council's Purpose

To serve in the best interests of the whole Shire, delivering quality services and advocating for community needs.





Council's Values and Commitment

- Customer Focussed;
- Accountable;
- Respectful;
- Acting in the interests of the whole Shire; and
- Pursuing excellence in everything we do.



Shire at a Glance

South Gippsland Shire Council is located in coastal south eastern Victoria, approximately 100km south-east of Melbourne. It is made up of three wards; Tarwin Valley, Strzelecki and Coastal Promontory.

The original inhabitants of the South Gippsland area were the Bunurong and Gunaikurnai Indigenous people. The Shire is bounded by Cardinia and Baw Baw Shires to the north, Latrobe City and Wellington Shire to the east, Bass Strait to the south, and Bass Coast Shire to the west. The Shire is a rural, residential and tourist area.

It encompasses 3,308 square kilometres, including extensive coastal areas and the spectacular Wilsons Promontory National Park. Much of the rural area is used for forestry and agriculture; with dairy, beef, sheep, and snow pea farming being the main agricultural pursuits. Fishing, viticulture and tourism are also important industries that contribute economic diversity to the region.

Other major attractions of the Shire include Port Welshpool Long Jetty, Cape Liptrap Coastal Park, Strzelecki Ranges, Coal Creek Community Park and Museum, the Great Southern Rail Trail, Grand Ridge Rail Trail, Nyora Speedway, Stony Creek Racecourse, Agnes Falls and specialist wineries, gin distilleries and breweries.

South Gippsland includes: Agnes, Allambee, Arawata, Baromi, Bena, Bennison, Berrys Creek, Binginwarri, Boolarong, Boolarra, Boorool, Buffalo, Darlimurla, Delburn, Dollar, Dumbalk, Fairbank, Fish Creek, Gonyah, Hallston, Hazel Park, Hedley, Jeetho, Jumbunna, Kardella, Kongwak, Koonwarra, Koorooman, Krowera, Loch, Mardan, Meeniyan, Middle Tarwin, Mount Best, Mount Eccles, Moyarra, Nerrena, Nyora, Outtrim, Poowong, Port Franklin, Port Welshpool, Pound Creek, Ranceby, Ruby, Sandy Point, Stony Creek, Strzelecki, Tarwin, Tarwin Lower, Thorpdale, Tidal River, Toora, Trida, Turtons Creek, Venus Bay, Walkerville North and South, Waratah Bay, Welshpool, Whitelaw, Wild Dog Valley, Wilsons Promontory, Wonga, Wonyip, Woorarra East and West, Wooreen and Yanakie.

Council Offices

South Gippsland Shire Council Office
9 Smith Street, Leongatha VIC 3953

Telephone: (03) 5662 9200

Fax: (03) 5662 3754

Email: council@southgippsland.vic.gov.au

Website: www.southgippsland.vic.gov.au

Facebook: www.facebook.com/southgippslandshirecouncil

Hours: 8:30am – 5:00pm Monday to Friday

Snapshot of Council

South Gippsland Shire Statistics

- Population density of 9.22 people per square kilometre
- 62 per cent of the population is aged 50 or over
- 3.9 per cent of the population speak a language other than English at home
- 31 per cent of households are 'couples without children'
- 23.2 per cent of households are 'couples with children'

Strzelecki

Tarwin Valley

Coastal Promontory

30,455

Residents live in South Gippsland



12,188

People work in South Gippsland

35,982

Forecast Population by 2036 in South Gippsland



Major industries

- Agriculture, Forestry and Fishing
- Health Care
- Retail trade
- Construction
- Manufacturing
- Education and Training



\$4 billion

Annual Economic Output



Council's Community Engagement Activities in 2021/22

South Gippsland Shire Council is committed to ensuring that community consultation incorporates many opportunities for community members to engage with Councillors and provide input into Council's decision-making processes.

This year Councillors led and participated in the largest community engagement program ever conducted by the Council: *Shaping South Gippsland*. Between December 2021 and May 2022, Councillors spent time engaging with the Community to find out their aspirations and priorities for the future. This community feedback and deliberative engagement, informed the development and adoption of a suite of Integrated Plans - that will shape the next ten plus years.

During *Shaping South Gippsland*, Councillors engaged with people of diverse background, from all across the Shire, including a workshop with representatives from a wide range of industry, government and community sectors.

These activities applied the community engagement principles of the *Local Government Act 2020* and Council's *Community Engagement Policy*.

This work culminated at the 29 June 2022 Council Meeting with the adoption of a suite of Integrated Plans which included:

- Community Vision 2040;
- Council Plan 2022-2026;
- Financial Plan 2022-2032;
- Budget 2022/23-2025/26;
- Rating and Revenue Plan 2022-2026;
- Asset Plan 2022-2032.

The next page highlights in more detail the *Shaping South Gippsland* community engagement activities.

'Shaping South Gippsland' Community Engagement 2021/22

Council conducted its most comprehensive community engagement journey in 2021/22 in alignment with the principles of the **Local Government Act 2020**.



3

Community surveys

1,316

Community people participated in engagement activities



16

Councillor led pop-up events



2

School based activities



6

Consultant led pop-up events

LOOKING BACK ON 2021/22

The South Gippsland Shire *Council Plan 2020-2024* (Council Plan) was adopted in the Administrator term of Council on 23 June 2021. The Council Plan includes four main themes, each comprised of strategic objectives, major initiatives, measure of success and performance indicators.

Council's performance for the 2021/22 year is reported against each of these four themes to demonstrate how Council is achieving the 2021/22 Annual Initiatives of the Council Plan.



Shared community direction



Corner stone for local employment and business growth

Strategic Objective One - Vision

To establish a shared long-term community direction that unites the Shire and guides its future direction.

To provide services that are accessible and support the various sectors of the community.

Strategic Objective Two - Vision

To establish the Shire as a thriving and diverse local economy that builds on our region's natural advantages.



Enhance liveability



Accountable decision making

*Strategic Objective Three -
Vision*

To provide the community with services and infrastructure that enhance liveability and environmental sustainability for current and future generations.

To establish a long-term program for capital works, in conversation with the community.

*Strategic Objective Four -
Vision*

To be recognised as a customer focused organisation, aligning Council services to changing community needs.

Strategic Objective One - United Shire

2021/22 HIGHLIGHTS

Community Vision

- Council adopted the *Shaping South Gippsland Community Vision 2040* at the 29 June 2022 Council Meeting. The *Community Vision* outlines our community's aspirations for the future of the municipality and helps to guide decision making for the organisation.
- An extensive community consultation process was conducted from December 2021 to May 2022.
- A Community Panel of 29 members was established and worked respectfully together to create the Vision for South Gippsland Shire.

"Council acknowledges the commitment of all the community members who shared their views and aspirations for the Community Vision 2040"

Public Health and Wellbeing

- Council adopted an interim one-year *Municipal Public Health and Wellbeing Plan* known as the *Healthy Communities Plan 2021/22* to support the development of a *Health and Wellbeing Action Plan* at the 15 September 2021 Council Meeting.

Gender Equity

- A *Gender Equity Plan* was developed in partnership with the organisation and Councillors as part of the *Gender Equality Act 2020*.

Community Development

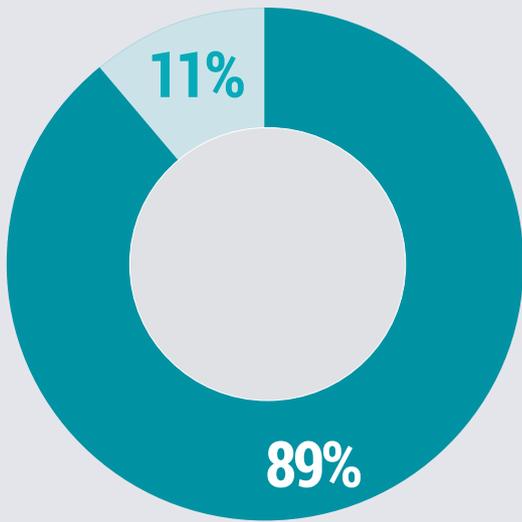
- Council's *Community Leadership Development Program* held two rounds with a total of 36 participants successfully completing the program.
- The *Youth Leadership Program* concluded in October 2021 with 80 - Year Eight and Nine students attending from Mirboo North and Leongatha Secondary College.

Community Satisfaction Survey

Council's performance (out of 100 points) as part of the *Annual Customer Satisfaction Survey*.

| | 2020 | 2021 | 2022 |
|------------------|------|------|------|
| Customer Service | 66 | 56 | 66 |

COUNCIL PLAN INDICATORS



■ Target Achieved (8 indicators) ■ Target Significantly Progressed (1 indicator)



Raising the Pride Flag at Council on IDAHOBIT Day

Supporting our Community

- Council supported a number of community leadership and inclusivity events such as:
 - Raising of the Pride Flag at Council on IDAHOBIT Day for the first time;
 - Purple lighting of the Council offices to recognise the impact of family violence; and
 - Participated in the NAIDOC Week ceremony at Korumburra Botanic Park.

Funding for our Community

- The 2021/22 Community Grants Program funded \$222,239 and assisted 88 community groups within the Shire. The funding is assisting and supporting community projects with a value of over \$1.08 million.

\$222,329

COMMUNITY GRANT PROGRAM FUNDING

\$34,780

SMALL GRANT PROGRAM FUNDING

\$31,960

EMERGENCY GRANT PROGRAM FUNDING IN 2021/22

88

COMMUNITY GRANT APPLICATIONS APPROVED

"...The \$2.5 million Foster Indoor Stadium redevelopment project is complete for the community..."

Foster Indoor Stadium Redevelopment

The \$2.5 million Foster Indoor Stadium redevelopment project has been completed.

Council successfully advocated for \$2.26 million in grant funding from the State Government as part of the *Community Sports Infrastructure Loan Scheme Program* and Council contributed a further \$253,000.

The feature upgrades included a redeveloped competition basketball court, improved change-rooms and meeting rooms, expanded kitchen and kiosk, a dry program area and more storage space. Changes also took place in the exterior of the building and car parking spaces.

Photo: Foster Indoor Stadium



Pictured Left to Right:
Hon. Harriet Shing MP, Mayor Cr Mohya Davies,
CEO Kerryn Ellis, Danny O'Brien MP

"...This new section of the Great Southern Rail Trail between Leongatha and Korumburra spans 15.8 kilometres..."

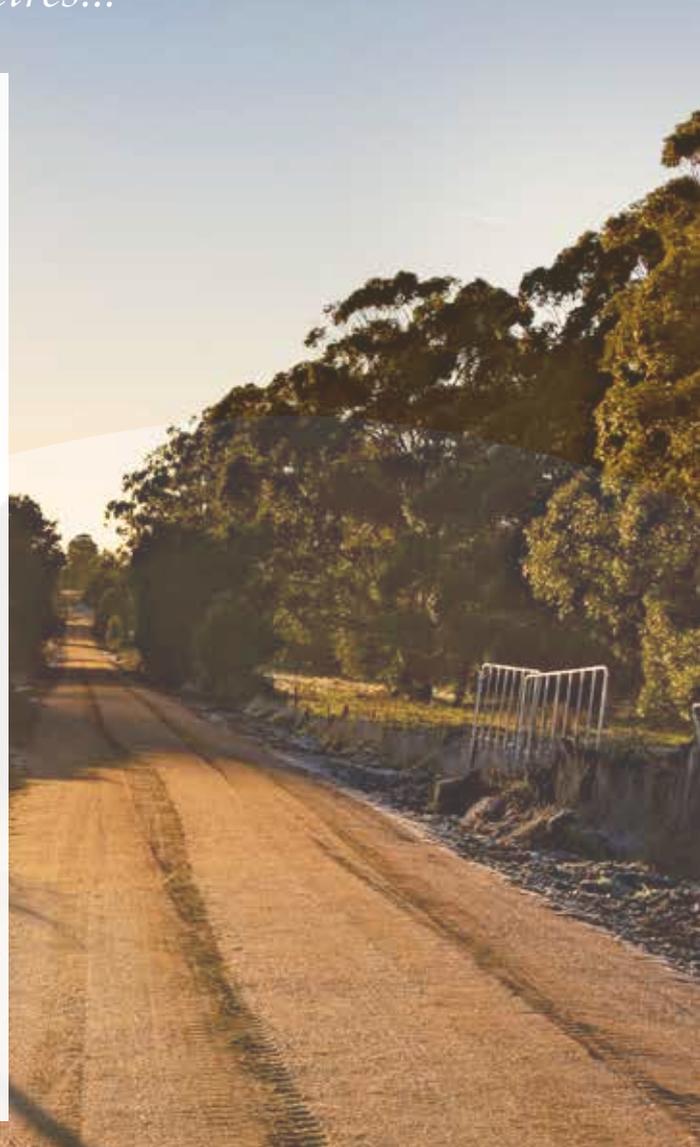
Great Southern Rail Trail (GSRT) Leongatha to Korumburra Section

A significant milestone was reached as part of the Great Southern Rail Trail (GSRT) Extension Project, with the opening of the Leongatha to Korumburra section in March 2022.

The section spans 15.8 kilometres, featuring magnificent views of rolling green hills and connects South Gippsland's two largest townships. Construction of the Trail between Leongatha and Korumburra involved gravel placement, drainage, fencing, road crossings and construction of a new bridge as well as three new bridges decks and railing.

The Trail travels through Leongatha, Ruby, Kardella and Korumburra along the old railway corridor. This extension was funded by Council with support from the Victorian Government who contributed \$500,000 via the *Regional Infrastructure Fund Program*.

Photo: Opening of the Great Southern Rail Trail Extension Project





Strategic Objective Two - Economic Prosperity

2021/22 HIGHLIGHTS

Encouraging Economic Growth and Tourism to South Gippsland

- The *Economy and Development* and the *Visitor Economy Strategies* were adopted at the 21 July 2022 Council Meeting.
- The *Great Southern Rail Trail (GSRT) Visitor Experience and Marketing Plan 2022-2031* was adopted at the 29 June 2022 Council Meeting.

Development in Arts, Culture and Creative Industries

- Community consultation was conducted in April to May 2022 to obtain feedback on the *Arts, Culture and Creative Industries Strategy 2022-2026*.

Supporting Local Procurement

- Council adopted a revised *Procurement Policy* at the 21 July 2021 Council Meeting which aims to strengthen the procurement of goods and services from local suppliers.
- A total of 49 per cent of \$61.7 million of procurement expenditure was spent in local procurement within South Gippsland.

Social and Affordable Housing

- A Draft *Social and Affordable Housing Strategy 2022-2026* was developed and adopted at the 18 May 2022 Council Meeting for community consultation.
- This Strategy has been developed to support Council to facilitate affordable housing outcomes in South Gippsland, and set out principles and the role of Council.

Community Satisfaction Survey

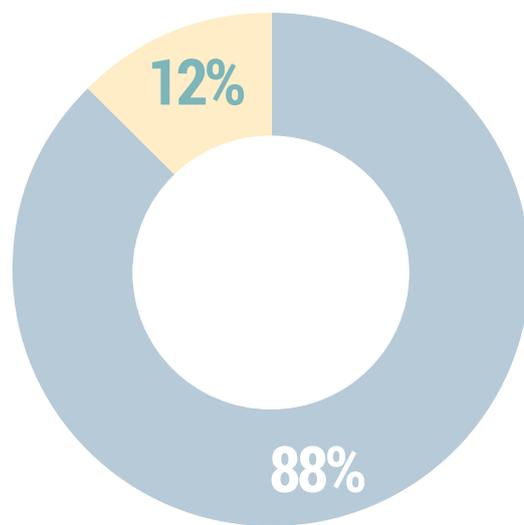
Council's performance (out of 100 points) as part of the *Annual Customer Satisfaction Survey*.

| | 2020 | 2021 | 2022 |
|---|------|------|------|
| Satisfaction with consultation and engagement | 41 | 44 | 44 |



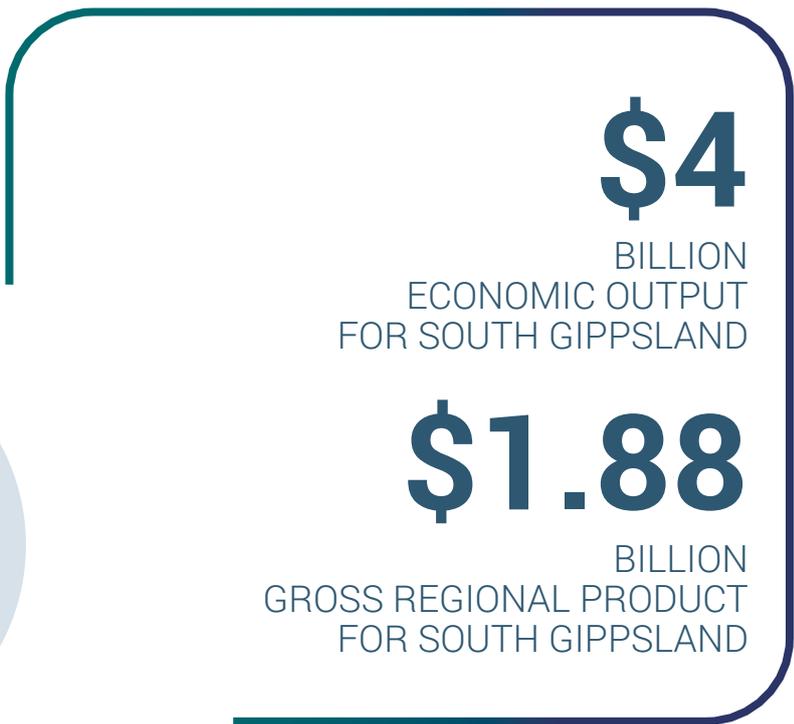
Toora and surround

COUNCIL PLAN INDICATORS



■ Target Achieved
(7 indicators)

■ Target Not Achieved
(1 indicator)





Strategic Objective Three - Integrated Services and Infrastructure

2021/22 HIGHLIGHTS

External Grant Funding

- External grant funding for Council is at unprecedented levels for 2021/22, with \$10.3 million in Capital Grants received and \$22.5 million in Operating Grants.

Managing our Asset and Roads

- The *Asset Plan 2022-23 - 2031-32* was adopted at the 29 June 2022 Council Meeting. The Plan highlights how Council will manage its vast asset portfolio, now and into the future.
- The *Road Management Plan 2022* which sets out the overall management of road and transport assets within the Shire, was adopted at the 16 February 2022 Council Meeting.

Community Satisfaction Survey

Council's performance (out of 100 points) as part of the *Annual Customer Satisfaction Survey*.

| | 2020 | 2021 | 2022 |
|-------------------------------------|------|------|------|
| Advocacy on behalf of the community | 41 | 46 | 45 |
| Conditions of sealed roads | 47 | 43 | 42 |
| Waste Management | n/a | 61 | 63 |

N/A - Not applicable

Street Light Project

- Over 1,800 street lights were replaced with LEDs as part of the bulk street light replacement project in South Gippsland, saving Council up to \$160,000 each year and reducing greenhouse gas emissions by 300 tonnes per annum.

Severe Weather Storms

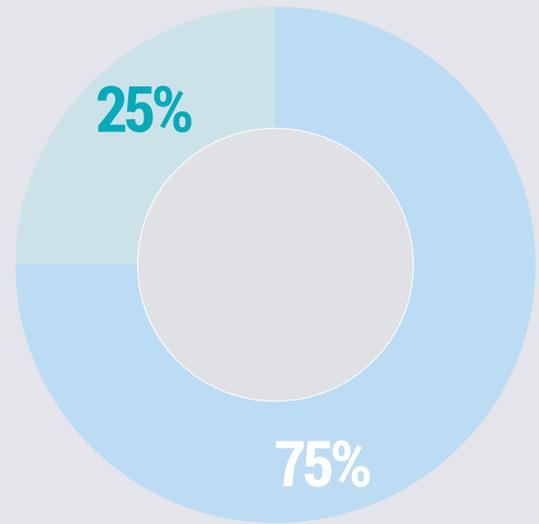
- After a severe weather storm event in September 2021, Council's Open Space and Environment Department worked around-the-clock and repaired roads, that were completely or partially blocked, and repaired damaged property and Council infrastructure.

"Council's Asset Plan 2022-23 - 2032/32 highlights how Council will manage its vast asset portfolio"



Road Works Crew

COUNCIL PLAN INDICATORS



■ Target Achieved
(6 indicators)

■ Target Significantly
Progressed (2 indicator)

71%

CAPITAL WORKS
PROJECTS
IN 2021/22

70

CAPITAL WORKS
PROJECTS COMPLETE
OR NEAR
COMPLETE

\$27M

IN CAPITAL
WORKS PROGRAM
EXPENDITURE
IN 2021/22

\$16.15M

CAPITAL WORKS
INFRASTRUCTURE

\$2.38M

PLANT AND EQUIPMENT
EXPENDITURE

\$ 9.08M

PROPERTY EXPENDITURE
IN 2021/22

Leongatha Revitalisation Project

Leongatha Revitalisation Project

The Bair Street Leongatha Streetscape was completed as part of the *Revitalisation Project*.

The Federal Government funded \$2.7 million and \$1.5 million in State Government funding. Council committed \$1.94 million to the project.

Photo: Leongatha Revitalisation Project

Mirboo North Pool Refurbishment



"...Significant contribution and partnership between Council, Mirboo North community and all levels of Government."

Mirboo North Pool Refurbishment

The refurbishment of the Mirboo North Swimming Pool opened to the public on Saturday 27 November 2022. The Pool is a much-loved community facility in which the new refurbishment will help to ensure it meets the needs of the community well into the future.

A total of \$5.73 million was allocated to the project with the Mirboo North community raising an impressive \$1 million toward the total project cost. The Federal Government has contributed \$600,000 and the Victorian Government contributed \$190,000. The remaining \$3.6 million was funded by Council via the Victorian Government's *Community Sports Infrastructure Loans Scheme*.

Pictured Right:
Cr Adrian Darakai, Cr Jenni Keerie and Cr Clare Williams
at the Mirboo North Pool Opening held in January 2022





Strategic Objective Four - Customer Focused Organisation

Councillor Group with Integrated Planning Documents

2021/22 HIGHLIGHTS

Introduced a new Council

- Designed and delivered a comprehensive and engaging *Councillor Transition Program* for the new Council in November 2021, that met all statutory requirements.

Community Participation

- Council conducted the biggest ever community engagement process from December 2021 to May 2022 as part of the community engagement principles of the *Local Government Act 2020*.
- Over 2,000 residents participated in the *Regional Profile Project* in June 2022 which provided valuable insights into our local community.
- Council launched an online community engagement platform, *Your Say South Gippsland* in December 2021, which invites people to visit the site or subscribe via Council's website.

Policy Review

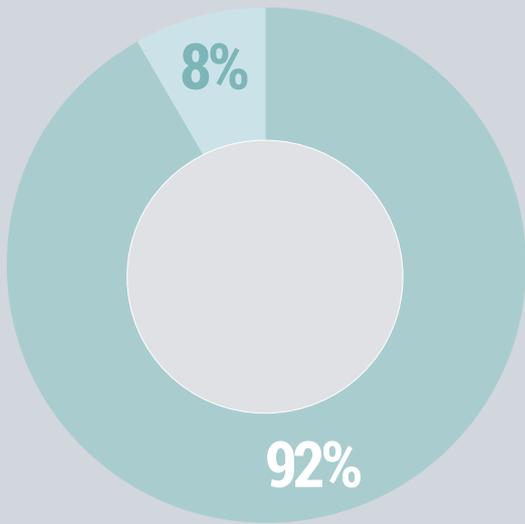
- The *Councillor Code of Conduct* was reviewed by the new Council, and adopted in February 2022, within the required four month timeframe following a Council election. Each individual Councillor also signed the Code as part of the legislative requirement.
- The *Councillor Support and Expenditure Policy* which sets the resources to support Councillors was reviewed and adopted at the 16 March 2022 Council Meeting.
- The *Workforce Plan* for the organisation and the *Complaint Handling Policy* were completed and endorsed by the Chief Executive Officer in December 2021, to meet legislative timeframes.

Community Satisfaction Survey

Council's performance (out of 100 points) as part of the *Annual Customer Satisfaction Survey*.

| | 2020 | 2021 | 2022 |
|-------------------------------------|------|------|------|
| Overall Council Performance | 36 | 47 | 49 |
| Overall Council Direction | 40 | 45 | 51 |
| Satisfaction with Council Decisions | 37 | 46 | 48 |

COUNCIL PLAN INITIATIVES



■ Target Achieved (11 indicators) ■ Target Significantly Progressed (1 indicator)



Community Engagement Activity

Integrated Planning

A suite of Integrated Plans that provide direction to Council and help shape South Gippsland were adopted at the 29 June 2022 Council Meeting

These included:

- Community Vision 2040;
- Council Plan 2022-2026;
- Financial Plan 2022-2032;
- Budget 2022/23-2025/26;
- Rating and Revenue Plan 2022-2026; and
- Asset Plan 2022-2032.

97%

ATTENDANCE
AT COUNCIL
MEETINGS

\$31.5M

BUDGETED CAPITAL WORKS
EXPENDITURE FOR 2022/23

\$8.6M

BUDGETED GRANT
FUNDING FOR 2022/23

145

AGENDA ITEMS
AT COUNCIL
MEETINGS

\$31,960

EMERGENCY GRANT
PROGRAM FUNDING
IN 2021/22

Challenges and Opportunities

- Continue to rebuild the trust and confidence of the community in South Gippsland's elected Councillors, and continue to improve customer satisfaction with service delivery.
- Build on South Gippsland's natural, environmental, cultural and business strengths to make the Shire an attractive region in which to live, invest and work.
- Continue to attract high levels of State and Federal Government funding for services, projects and infrastructure, including Council's Priority Projects and other community assets.
- Maintain the organisation's strong track record of financial sustainability, and manage the community's expectations for infrastructure and service delivery, in a rate capped environment.
- Adapt and respond to the economic impacts, resources and accessibility to supplies due to the COVID-19 pandemic to ensure the safety of our community, the support of local businesses and the continuity of Council's service delivery.
- Adapt and respond to the challenges associated with climate and sustainability changes.
- Manage the devastating damage caused by increasingly frequent storm events and extreme weather conditions.
- Continue to improve engagement and communication between Councillors, the Council organisation and the South Gippsland community and key stakeholders, to build our ability to plan together to tackle the futures challenges of our Shire.
- Continue to build South Gippsland Shire Council's reputation as an employer of choice in order to attract, retain and develop Council's highly skilled and capable workforce in a very competitive market.

Future Outlook

The *Community's Vision 2040* describes our community's aspirations for the future of the municipality and helps to guide decision making for the organisation.

The Council Plan sits under the Vision and sets out the strategic objectives, priorities and indicators that Council will focus its resources towards for the term of Council and beyond.

The Council Plan also outlines the major initiatives for each financial year and how these will be funded in the Annual Budget.

In setting the new Council Plan, Council developed the following equally important six strategic objectives of the *Council Plan 2022-2026*:

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

These two documents were adopted by the new Council at the 29 June 2022 Council Meeting and aim to set out the future direction for Council and community members of South Gippsland Shire.

The adopted Council's Vision and Values is outlined below:

Council's Vision

"...We care deeply about our people, the land and future of South Gippsland. Our vision is to support the whole Shire in creating economic, environmental and social prosperity for this and future generations..."

Council's Values

- Community and Outward Focused
- Accountable
- Respectful
- Proactive
- Acting in the interests of the whole Shire

Future Outlook

- Embrace the fresh directions and energy of the new Council since November 2021 and work collaboratively and in partnership with the organisation.
- Support the economic growth, diversity and social recovery of the Shire, including local businesses, through the continuing impacts of the COVID-19 pandemic.
- Build a sustainable and growing economy that attracts businesses, strengthens industry sectors and creates and sustains local employment opportunities.
- Pursue better ways of delivering services that are valued by the community and enhance the health, safety and wellbeing of the community.
- Continue to enhance, develop and adapt community engagement activities.
- Maximise the value South Gippsland derives from its location, resources and natural advantages.
- Determine the pace of growth required for the Shire and its implications on rates, lifestyle, infrastructure demands, communities and demographics.
- Advocate for 'Priority Projects' that will deliver economic growth and community benefits.
- Working together with other surrounding councils to support regional growth and prosperity.
- Continue to develop and support emerging and existing leadership skills within the community.
- Continue to implement Council's *Good Governance Framework* and policy direction for the organisation.
- Enhance customer experiences through projects that are aimed at improving processes, efficiencies, policies and standards.

Section One - Operations Overview

Section One - Operations Overview

| | | |
|-----|------------------------------------|----|
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| 1.8 | Our People | 61 |



Achievements 2021/22



234

Lost animals
collected

135

Animals reunited
with owners

117

Animals found
new homes



110,228

Visits to aquatic facilities



9,688

Tonnes of waste collected

5,030

Tonnes of recyclables and
green waste diverted from landfill

45,039

Items available to borrow from libraries



4,267

Library members actively use our libraries



614

Food businesses
registered

Achievements 2021/22



1,055

Kilometres of sealed roads maintained



42,396

Calls to Council

13,364

Requests from customers



\$289,069

Distributed in community grant funding

20,270

Rateable properties

282

Births notified



564

Planning applications received

8,208

Hours of Maternal & Child Health nursing delivered

561

Planning application decisions made

1,140

Children enrolled in the Maternal & Child Health service



Council's financial position continues to remain sound. Detailed information relating to Council's financial performance is included within the Financial Statements and Performance Statement sections of this Report, with a summary below.

Operating Position

Council's 2021/22 Comprehensive Income Statement highlights that Council returned a surplus of \$8.9M (\$16.0M in 2020/21). The result is impacted by a combination of items, most specifically expenditure related to Natural Disaster events. Council is able to claim funding for these events, however, there is usually a significant time lag between the event and receiving the funding.

It should be kept in mind that the surplus for the year is not a cash based result but remains an accounting surplus which includes capital grants and contributions, but excludes net asset revaluation increments. Finally, a review of Council's asset valuations led to a revaluation increment of \$259.8M mainly in the value of Council's building assets leading to a Comprehensive Income Statement surplus outcome of \$68.4 million.

Income 2021/22

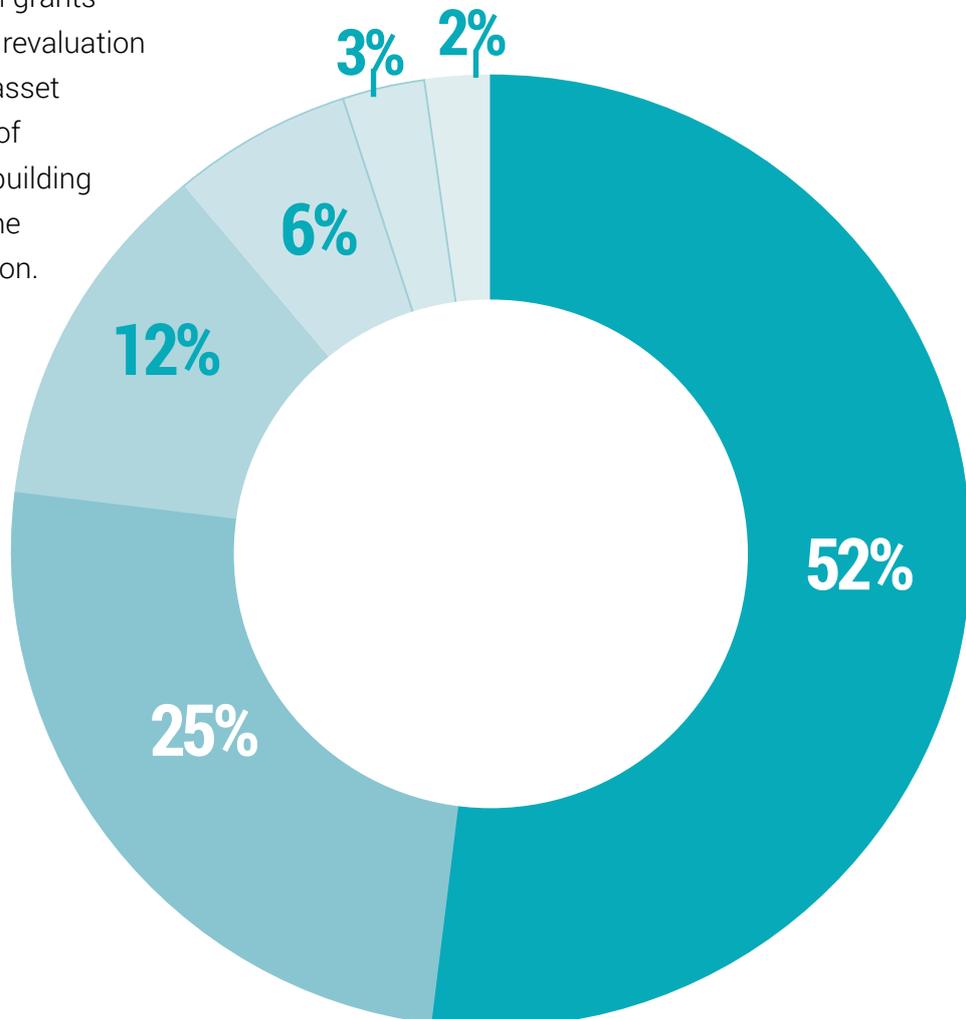
- Rates and Charges (52%)
- Operating Grants (25%)
- Capital Grants (12%)
- Fees and Fines (6%)
- Contributions (3%)
- Other Income (2%)

Comprehensive Income Statement Income

Council's operating income for 2021/22 was \$89.7M (\$80.4M in 2020/21). Major categories of income include:

- Rates and charges income \$46.8M;
- Operating grants \$22.5M;
- Capital grants \$10.4M;
- Contributions of nonmonetary assets, mainly from sub division activity \$1.6M; and
- Other income \$1.4M.

The major items of income are depicted in the chart below.



Expenditure

Total operating expenditure for 2021/22 including depreciation was \$80.7M (\$64.3M in 2020/21).

Major categories of expenditure include:

Employee costs (\$28.7M) – employee and labour costs including salary-on costs such as WorkCover premium, provision for employee entitlements and Council's superannuation contributions on behalf of employees.

Materials and services (\$31.6M) – included in this category are the following major costs relating to:

- Contractors \$5.5M;
- Materials \$5.3M;
- Natural disasters \$5.1M; and
- Waste contract expenditure \$4.7M.

Depreciation (\$11.7M) – the depreciation expense reflects the diminution in the value of assets due to wear and tear and obsolescence. It has no impact on the cash position of Council. Cash flow is impacted only at the time of purchase and sale of assets.

Other expenses (\$8.3M) – major items of expenditure in this category include \$3.8M of assets written off during the year (non-cash), \$1.5M transfer of interest from West Gippsland Library Corporation to MyLi (non-cash transaction required by the *Local Government Act 2020*) and \$1.5M contribution to the library operations.

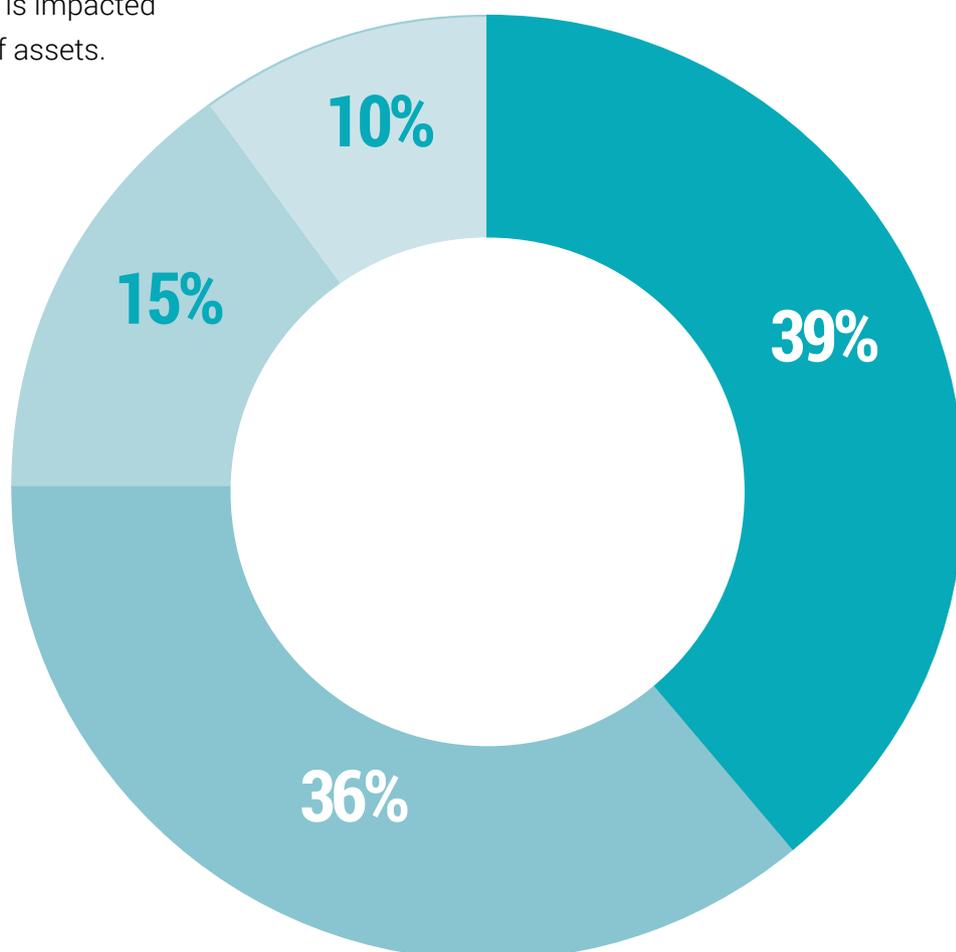
The major items of operating expenditure are depicted in the chart below.

Capital Expenditure

Council spent \$27.6M on capital expenditure during the year. This comprised of renewal (\$24.6M), expansion (\$2.1M) and upgrade (\$0.9M).

Expenses 2021/22

- Materials and Services (39%)
- Employee Costs (36%)
- Depreciation and Amortisation (15%)
- Other expenses (10%)
- Borrowing Costs (0%)

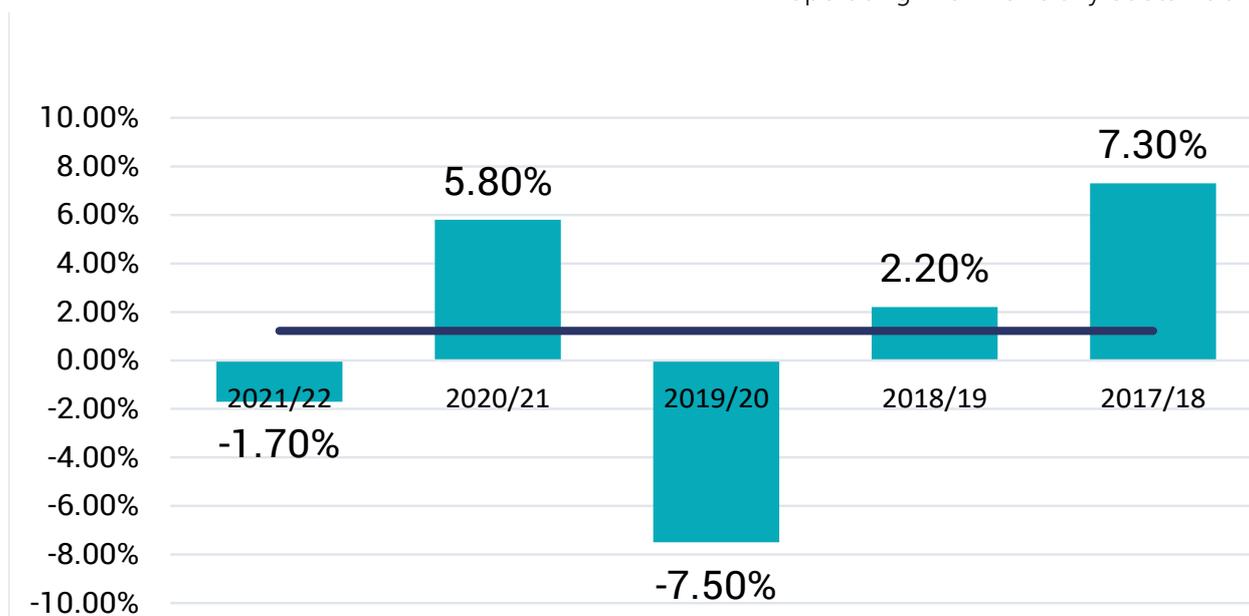


Balance Sheet

The Balance Sheet discloses Council's net worth and clearly defines what the Council owns as assets and what it owes as liabilities. Assets and liabilities are further separated into current and non-current categories. Current assets or current liabilities are those which will fall due in the next twelve months, or cannot be deferred for greater than twelve months. Net assets or total equity represents Council's accumulated net worth and includes many infrastructure and community assets such as buildings, land, parks, roads and drains.

Property, infrastructure, plant and equipment is the largest component of Council's worth (\$661M) and represents the value of all the land, buildings, roads, vehicles, equipment, etc. which has been built up by Council over many years.

Figure 1: Adjusted Underlying Result



Financial Sustainability Indicators

The following financial sustainability indicators are used by the Victorian Auditor General's Office (VAGO) to assess Councils' financial sustainability risks.

Adjusted Underlying Result

The five-year average result of 1.22 per cent indicates that Council is operating in a financially sustainable manner. The exceptions to the positive results are in 2019/20 where there was an accounting adjustment for the value of Land Under Roads and in 2021/22 funding related to Natural Disaster events has not yet been received.

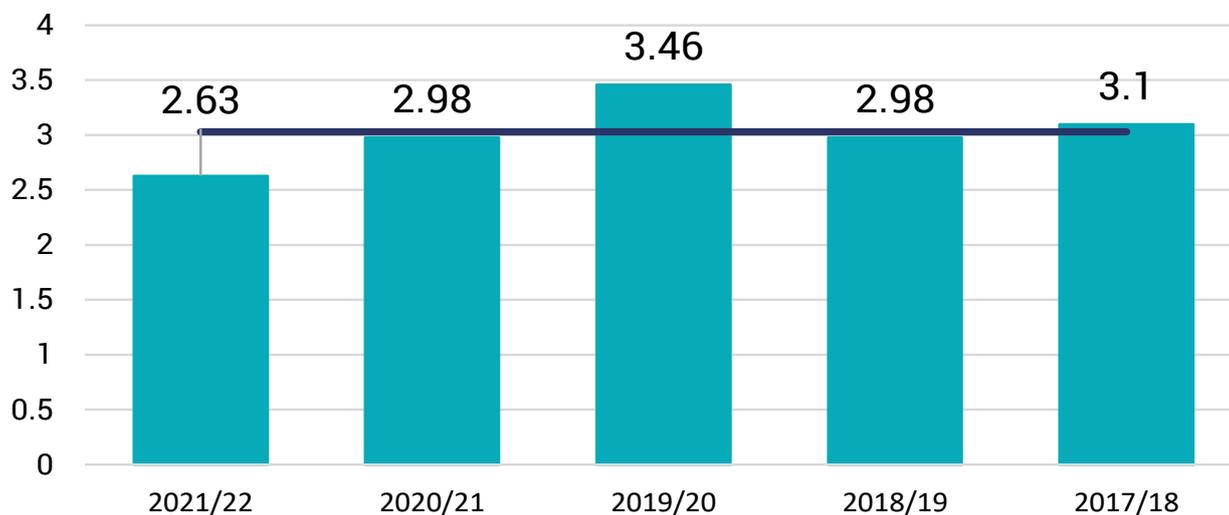
Figure 1: Adjusted Underlying Result indicates that Council has consistently generated a surplus, with the exception of the 2019/20 financial year due to the one-off impairment of Land Under Roads as discussed earlier. The five-year average result is 3.9% which indicates that Council is consistently operating in a financially sustainable manner.

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 result of 2.63 indicated in **Figure 2**, is a slight decrease on the prior year result of 2.98 working capital capacity due to the draw down of additional loan funds for the Korumburra Community Hub. This indicator conveys that for every \$1 of current liability, Council has \$2.63 in current assets. This is an indicator of a sound financial position and is above the expected target band of 1.00 to 3.00 with a five-year average 3.03.

Figure 2: Liquidity - Working Capital Ratio



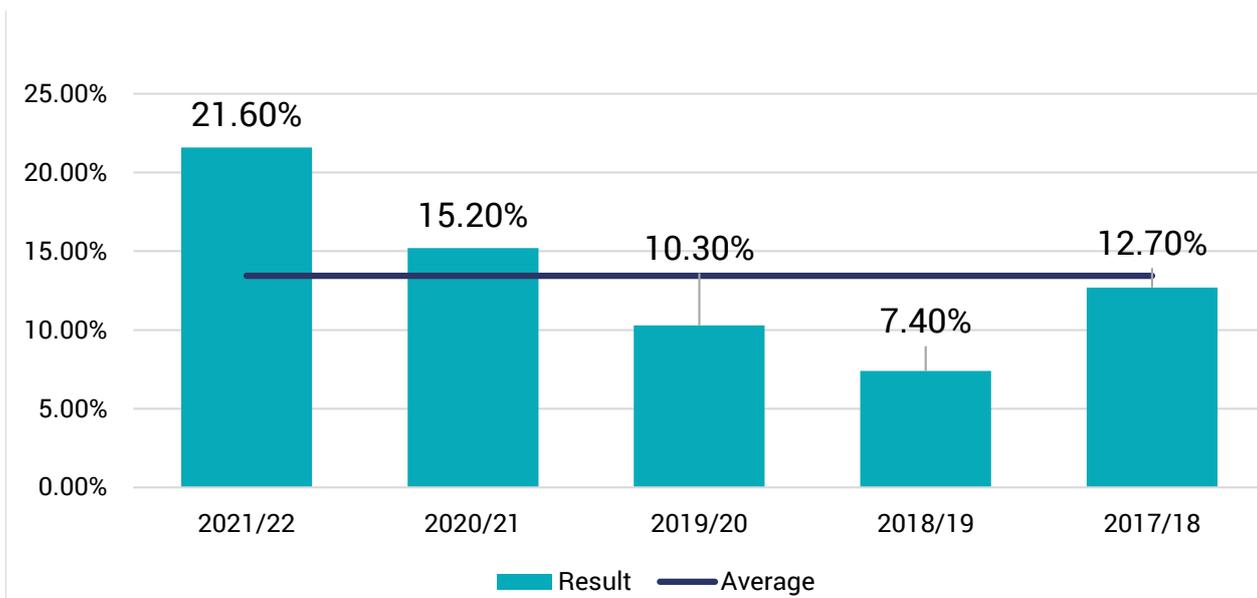
Obligations

Council's borrowings have increased over the past two years due to the drawdown of loan facilities through Treasury Corporation Victoria. The Community Infrastructure and Community Sports Infrastructure Loans Schemes were a State Government initiative which allowed Local Government's to access low interest government guaranteed loans in order to deliver infrastructure projects. South Gippsland Shire Council was successful in obtaining funds to assist in the delivery of the Korumburra Community Hub and the redevelopment of the Mirboo North Pool.

Council utilises borrowings on such significant capital projects to ensure the intergenerational equity of the community in that the benefit of these assets is paid for by the people using them. Council does remain in a very healthy financial position as indicated in **Figure 3: Indebtedness Ratio**. This financial measure demonstrates Council's ability to pay the principal and interest on its borrowings when they are due from the funds it generates.

In calculating this ratio, own-sourced revenue is used, rather than total revenue, because it does not include grants or contributions. At 40 per cent or lower, the Victorian Auditor General rates this risk as low and there is no concern over the ability to repay debt from own source revenue.

Figure 3: Indebtedness Ratio



Asset Renewal

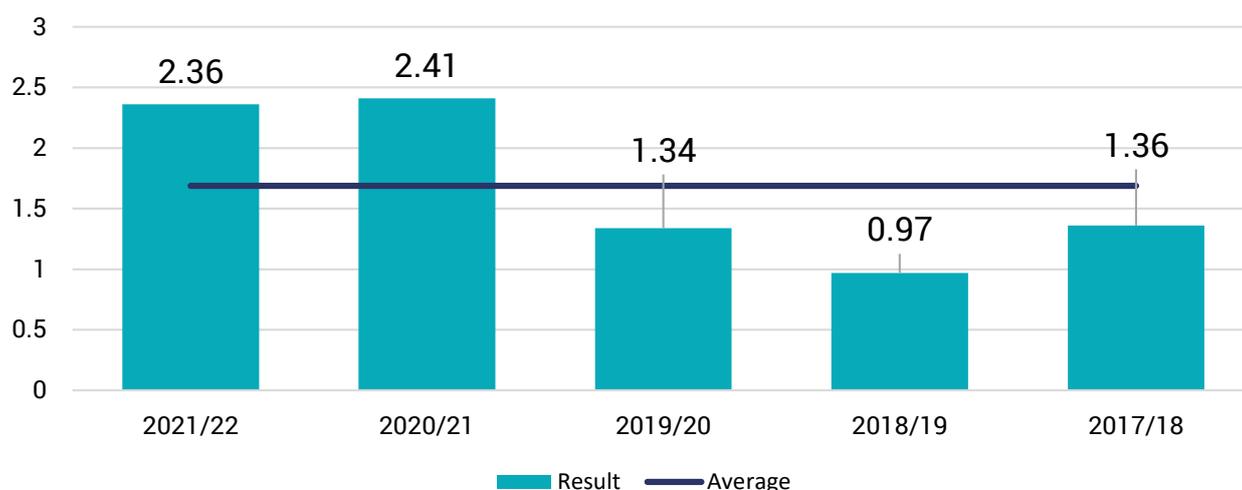
Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. Council invested \$24.6M in asset renewal in 2021/22 (\$25.9M in 2020/21).

Council's capital replacement ratio (**Figure 4**) compares the 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 five year average of 1.59 exceeds the Victorian Auditor General's target of 1.5 which indicates there is a low risk of insufficient spending on asset renewal.

Stability and Efficiency

Council raises revenue through a range of income streams including rates, user fees, fines, grants and contributions. Council's rates concentration, which compares rate revenue to adjusted underlying revenue, was 58.9 per cent for the 2021/22 year which is in the mid-range of the expected target band of 40 per cent to 80 per cent.

Figure 4: Capital Replacement Ratio





The past year has seen the South Gippsland economy dealing with a second year of the COVID-19 pandemic, impacts of the storm event in June 2021, and subsequent smaller storm events that affected many businesses and individuals.

Our economy and residents have however, continued to prove resilient. This has been assisted by positive conditions for the agricultural sector for most of the year, Government support programs and Council's *Community Support Package Program*. Council continued to receive regular enquiries from businesses seeking to establish or expand operations within the Shire.

On the latest figures the Shire has an annual economic output of \$3.9 billion and Gross Regional Product of \$1.9 billion (*Source: REMPLAN Economy (Economic Modelling and Planning System)*), notably high for a population of South Gippsland's size. Due to the impacts of COVID-19, the unemployment rate increased during the previous financial year to reach 4.1 per cent in the June quarter 2021 but then fell to 3.1 per cent in the March quarter 2022. This was lower than the Victorian average of 5.0 per cent and meant that South Gippsland retained the lowest unemployment rate in Gippsland, a position it has held for many years.

While many individual businesses had significant impacts, the level of consumer spending increased over the year by approximately 10 per cent. This was fuelled by an increase in both residents shopping locally and visitor spending.

The increased visitor spending was noticeable during the last months of 2021 as Melbourne was reopened. South Gippsland has approximately 1.2 million visitors per year and they account for over a third of consumer spending across the Shire, which is particularly significant in the Shire's smaller towns.

The 2021 Census confirmed increases in the population across many areas of the Shire. With the total population over 30,000, reflecting significant numbers of people relocating to South Gippsland.

There have been strong increases in property valuations in many areas and a tightening of the rental market across the Shire which has potential flow-on impacts to labour force availability. Workforce availability has impacted in many businesses over the past financial year, most notably in the hospitality sector.

Major infrastructure projects critical to supporting economic development were also undertaken during this financial year.

These included:

- Completion of the Bair Street, Leongatha Revitalisation Project;
- Completion of the extension of the Great Southern Rail Trail from Leongatha to Korumburra and further works extending on to Nyora;
- Completion of the upgrade of the Mirboo North Pool refurbishment;
- Completion of the redevelopment of the Foster Showground stadium; and
- Significant progress of the \$115 million realignment of the South Gippsland Highway at the Koonwarra bends.

These works will have ongoing economic benefits by improving the transport connectivity, attraction to more visitors and enhancement of recreation facilities and commercial precincts.

Major Changes

Newly Elected Council

The most substantial change this year has been the re-establishment of a democratically elected Council. Nine new Councillors were elected on 9 November 2021 and sworn in on 16 November 2021. The Councillors participated in a detailed induction program, with a strong focus on creating a positive culture and learning about their roles and responsibilities to support them to be a successful team.

As Council transitioned to elected Councillors, the three Administrators finalised the requirements of their Ministerial appointment to strengthen good governance practices, re-building community respect, develop local leadership and broaden engagement activities to inform Council decisions.

As soon as the Councillors had completed their induction, they immersed themselves in the largest community engagement program ever undertaken by this Shire - *Shaping South Gippsland*. The result of this campaign developed a suite of Integrated Plans that will help shape the next ten plus years for the community and the organisation.

Continued Services to the Community

The continuing negative impacts of the COVID-19 pandemic are still being realised by local businesses and the community within the Shire. Council has continued to respond pro-actively through the year to support businesses and ratepayers through the transitional changes that have occurred through this pandemic.

The organisation has also continued providing its range of services throughout the year, responding flexibility to the changing lock-down requirements and related COVID-19 pandemic restrictions. Throughout the latter half of the year many staff have transitioned to a hybrid working model, with some days spent in the office and others days working from home. Teams have been able to re-connect in person and greater customer contact opening hours for customers, has been achieved.

Council Meetings

Council Meetings have also transitioned from live-streamed virtual meetings to meetings held by the Mayor and Councillors in the Council Chamber with media and a limited gallery able to attend. Live-streaming the meetings has remained in place for those unable to attend in person.

Council's role is to provide good governance for the South Gippsland district for the benefit and wellbeing of the Shire's community. Council undertakes its responsibilities in accordance with the overarching governance principles set out in s.9(2) of the *Local Government Act 2020*. Council operates in accordance with the *Local Government Act 2020*, and many other Acts, to provide good governance for the benefit and wellbeing of the municipal district.

South Gippsland Shire Council is responsible for more than 100 diverse services, ranging from family and children's services, sealed and gravel road maintenance, open space and recreation services, youth facilities, waste management and community buildings; to matters concerning economic and tourism visitor development, business development, land-use planning, customer service and ensuring accountability for Council's long-term financial sustainability.

The provision of community services and infrastructure supports the wellbeing and prosperity of South Gippsland's community. Council's vision, strategic objectives and strategies seek to further improve services and facilities and are described in the *Council Plan 2020-2024*. Further details on the services and resources allocated by Council are contained in the *2021/22 Annual Budget*.

The delivery of services, facilities, support and advocacy to achieve the strategic objectives is measured by a set of service performance indicators and measures. Council also has a wide range of responsibilities under various Victorian and Commonwealth pieces of legislation.



Coal Creek Community Park and Museum, Korumburra

The following pages includes the listing of completed projects by asset category within the Capital and Major Works Program as at the end of June 2022.

A total of 70 or 71 per cent of projects has been completed this financial year or are near completion in the first quarter of the next financial year.

99

PROJECTS

| STATUS AS AT JUNE 2022 | Project Count |
|------------------------|---------------|
| COMPLETE | 41 |
| ON TRACK | 29 |
| BEHIND SCHEDULE | 7 |
| HOLD | 7 |
| CARRY FORWARD 2022/23 | 14 |
| ABANDONED | 1 |

Breakdown by Asset Category

BUILDINGS

Completed Projects include:

Foster Indoor Stadium Redevelopment Project

Leongatha Basketball Stadium Building Roof Renewal

Korumburra Tennis Club Upgrade Works

Leongatha Depot Building Renewal

Leongatha Memorial Hall Building Repairs

Port Welshpool Marine Search and Rescue Hub Redevelopment Project

Korumburra Caravan Park - Main Switchboard and Kiosk Improvements Works

Nerrena Clubroom Roof Renewal

Coleman Park, Korumburra - Scout Hall Electrical and Lighting Upgrade

Leongatha Depot Electrical Cabinet Renewal

DRAINAGE/CULVERTS

Completed Projects include:

Boundary Road, Foster - Major Culvert Renewal

McKnights Road, Stony Creek - Major Culvert Renewal

Nicholls Road, Mardan - Major Culvert Renewal

Minor Underground Stormwater Upgrade Works (Shire Wide)

Franklin River Road, Toora - Drainage Rehabilitation

FOOTPATHS/CYCLEWAYS

Completed Projects include:

Roughead Street, Leongatha - Footpath Renewal

Horn Street, Leongatha - Footpath Renewal

MAJOR PROJECTS (not Council land)

Completed Projects include:

Municipal Street Lighting Project

Foster Beach Seawall Revetment Protection

STREETSCAPES

Completed Projects include:

Bair Street, Leongatha (Leongatha Business Precinct Project)

RECREATION

Completed Projects include:

SPLASH, Leongatha - Playground Replacement

ROADS

Completed Projects include:

Road Reseal Program

Mount Eccles Road and Wild Dog Valley Road, Mount Eccles - Slip Repairs

Clancys Road, Korumburra - Sealed Rehabilitation and Gravel to Seal

Stanley Street, Toora - Sealed Rehabilitation

Road Reseal Preparation Program

Clarkes Road (Site 2) and Griggs Road, Hallston - Slip Repairs

Grand Ridge Road, Trida (Sites 1 & 2) and Kardella Fairbank Road, Kardella - Slip Repairs

Loch Poowong Road, Loch - Sealed Rehabilitation

Mount Eccles Road, Mount Eccles - Sealed Rehabilitation

Boolarra Mirboo North Road, Boolarra South - Sealed Rehabilitation

Welshpool Service Road, Toora - Sealed Rehabilitation

Grand Ridge Road, Grand Ridge - Sealed Rehabilitation

Meeniyan - Promontory Road, Yanakie - Sealed Rehabilitation

Clarkes Road (Site 1) and Foster Mirboo Road, Dollar - Slip Repairs

McCartins Road, Turtons Creek - Slip Repairs

Bena-Kongwak Road, Bena - Sealed Rehabilitation

Dumbalk East - Stony Creek Road, Dumbalk - Guardrail Replacement

Creamery Valley Road, Toora - Guardrail Replacement

WASTE

Completed Projects include:

E-Waste Hook Lift Bins for Transfer Stations

Korumburra Transfer Station - Concreting Works and E-Waste Bins



Tea Cosy Festival, Fish Creek

Council's Community Grants Program supports community initiatives and provides grants to community, volunteers and not-for-profit organisations. All applications were assessed under programs and categories listed below:

- Small Grants Program;
- Emergency (Quick) Grants Program;
- Community Grants Program (categories);
- Minor Projects and Equipment;
- Festivals and Events;
- Major Projects; and
- Planning and Development Studies.

88

GRANT APPLICATIONS APPROVED

\$289,069

COMMUNITY GRANT FUNDING

COMMUNITY GRANTS FUNDING

\$222,329

APPLICANTS

45

SMALL GRANTS FUNDING

\$34,780

APPLICANTS

36

EMERGENCY GRANTS FUNDING

\$31,960

APPLICANTS

7

COMMUNITY GRANT PROGRAM

FUNDING
\$70,905
 ROUND ONE

The Community Grants Program provides funding between \$1,000 and \$10,000 to community organisations across South Gippsland. The Program supports projects that enhance the quality of life, heritage, recreation and cultural opportunities for the broader South Gippsland community.

2021/22 Community Grant Program - Round One

| ROUND ONE ORGANISATION | PROJECT DETAILS | AREA | APPROVAL FUNDING (\$) |
|--------------------------------------|---|--------------|-----------------------|
| Meeniyah Golf Club Inc. | Fairways Revolution Stage Two | Meeniyah | \$10,000 |
| Mirboo North Football Netball Club | Replacement of electronic scoreboard | Mirboo North | \$10,000 |
| South Gippsland Specialist School | Disability Inclusion Swing | Leongatha | \$6,405 |
| Meeniyah Festivals and Events Inc. | Meeniyah Garlic Festival 2022 | Meeniyah | \$5,000 |
| Outtrim Reserve Committee Inc. | Outtrim Recreation Reserve - Playground upgrade | Outtrim | \$5,000 |
| Tarwin Landcare Group Inc. | Bringing nature into your garden campaign | Venus Bay | \$5,000 |
| Leongatha Golf Club | A Day on the Green | Leongatha | \$4,100 |
| South Gippsland BMX Club | BMX Club Strategic Plan | Leongatha | \$4,000 |
| Leongatha Lyric Theatre Inc. | Lyric Theatre Sustainability through Solar | Leongatha | \$3,750 |
| Sandy Point Community Group | Website upgrade | Sandy Point | \$3,700 |
| Meeniyah Community Hall | Meeniyah Hall Floor Restoration | Meeniyah | \$3,410 |
| Jeetho Hall | Jeetho Hall, planning ahead to maintain the Community asset | Jeetho | \$2,850 |
| Poowong Recreation Reserve Committee | New Cricket Pitch Safety Cover | Poowong | \$2,420 |
| Korumburra Recreation Reserve | Road Upgrade around the Oval | Korumburra | \$2,095 |
| Mount Eccles Hall | Mount Eccles Community Safety Project | Mount Eccles | \$1,950 |
| Friends of Korumburra Botanic Park | Botanic Park Vegetation Project | Korumburra | \$1,225 |

FUNDING
\$151,424
 ROUND TWO

2021/22 Community Grant Program - Round Two

| ROUND TWO ORGANISATION | PROJECT DETAILS | AREA | APPROVAL FUNDING (\$) |
|---|--|--------------|-----------------------|
| Leongatha Gymnastics Club Inc. | Set up new Program in Toora | Toora | \$10,000 |
| Loch Art Council | Highway Underpass Mural Project | Loch | \$10,000 |
| Nerrena Recreation Reserve Committee of Management Inc. | Mower Replacement | Nerrena | \$10,000 |
| Strzelecki Public Hall Inc. | Strzelecki Hall - Community Plan | Strzelecki | \$10,000 |
| Tarwin Football and Netball Club | "Sharkette's Scoring in 2022" | Tarwin Lower | \$10,000 |
| Tarwin Lower Mechanic Institute Committee of Management | Weatherboard Replacement Project | Tarwin Lower | \$10,000 |
| Mirboo Country Development Inc. | Mirboo North Winter Fest - Shelter | Mirboo North | \$9,964 |
| Friends of Toora and District Swimming Pool | Shade Umbrellas | Toora | \$6,195 |
| Fabelo Inc. | Fish Creek Childrens Festival of Stories | Fish Creek | \$5,000 |
| Foster Football and Netball Club | Goal Posts | Foster | \$5,000 |
| Leongatha Business Association Inc. | Biktoberfest Leongatha | Leongatha | \$5,000 |
| Prom Coast Festival | The Spring Fling | Foster | \$5,000 |
| South Gippsland Dance Eisteddfod | South Gippsland Dance Eisteddfod | Leongatha | \$5,000 |
| South Gippsland FM Radio Inc. | South Gippsland songwriters radio and Concert Series | Multiple | \$5,000 |
| Toora Football and Netball Club | Netball Seating | Toora | \$5,000 |



| ROUND TWO ORGANISATION | PROJECT DETAILS | AREA | APPROVAL FUNDING (\$) |
|--|--|------------|-----------------------|
| Koonwarra/Leongatha RSL Cricket Club | Koonwarra Recreation Reserve Synthetic Cricket pitch upgrade | Koonwarra | \$4,700 |
| South Gippsland Umpire Association | Securing Umpire Rooms | Leongatha | \$4,500 |
| Koonwarra Recreation Reserve Committee of Management | Koonwarra Recreation Reserve - Playground upgrade | Koonwarra | \$4,445 |
| Nerrena Hall Committee of Management | Nerrena Hall floor regeneration Project | Nerrena | \$4,072 |
| Strzelecki Lions Club | Strzelecki Lions - powering the future | Loch | \$4,000 |
| 2nd Leongatha Scout Group | Scout Hall Heating/Air Conditioning | Leongatha | \$3,000 |
| Nautilus Theatre Project | The Arbour | Foster | \$3,000 |
| Korumburra Cricket Club | New Ezicover and Covers | Korumburra | \$2,500 |
| Manna Gum Community House Inc. | Corner Inlet Technology Club | Foster | \$2,000 |
| University of the Third Age Prom Coast | Purchase of portable Audio/Video system | Foster | \$1,979 |
| Friends of Toora Heritage Pear Orchard Inc. | Toora Heritage Pear Orchard Garden Maintenance | Toora | \$1,808 |
| Leongatha and District Equestrian Club | Show Jump Trailer | Leongatha | \$1,560 |
| Milpara Community House Inc. | Defibrillators Save Lives | Korumburra | \$1,500 |
| Manna Community Garden | Renewal Stage 2 | Foster | \$1,200 |

SMALL GRANT PROGRAM

FUNDING
\$34,780

The Small Grants Program provides funding of up to \$1,000 for small projects. The Emergency (Quick) Grant Program provides funding of up to \$5,000 for projects that require immediate funding and the applications are generally assessed within two weeks.

2021/22 SMALL GRANT PROGRAM

| ROUND ONE ORGANISATION | PROJECT DETAILS | AREA | APPROVAL FUNDING (\$) |
|---|--|--------------|-----------------------|
| Month - July 2021 | | | |
| Buckley Park Community Farm | Introduction to Permaculture | Fish Creek | \$1,000 |
| Leongatha Golf Club Inc. | Come and Try Our Simulator | Leongatha | \$1,000 |
| South Gippsland Concert Band Inc. | Finding a new home | Korumburra | \$1,000 |
| South Gippsland Gemstone and Lapidary Club Inc. | South Gippsland Gemstone and Lapidary Show | Leongatha | \$1,000 |
| South Gippsland Shire Brass Band | Community Performances | Leongatha | \$1,000 |
| Tarwin Lower Pony Club | Arena Surfacing | Tarwin Lower | \$1,000 |
| Month - August 2021 | | | |
| Friends of the Lyre Bird Forest Walk | Mobile Defibrillator | Mirboo North | \$1,000 |
| Leongatha Croquet Club | Concrete Floor to Mower Storeroom | Leongatha | \$1,000 |
| Leongatha Golf Club Inc. | Leongatha Golf Club Annual Tournament | Leongatha | \$1,000 |
| Leongatha Historical Society | Update safety and Digitise Films | Leongatha | \$1,000 |
| Sandy Point Community Group | Community Garden Signage | Sandy Point | \$1,000 |
| Welshpool and District Advisory Group | Shop Signage | Welshpool | \$880 |
| Woodleigh Table Tennis | New table tennis tables | Multiple | \$898 |
| Month - September 2021 | | | |
| Lions Club of Mirboo North | Refurbishment of Club trailer | Mirboo North | \$1,000 |

| ROUND ONE ORGANISATION | PROJECT DETAILS | AREA | APPROVAL FUNDING (\$) |
|--|--|----------------|-----------------------|
| Month - October 2021 | | | |
| Hallston Mechanics Institute/Hall | Exterior Painting Rear and East Wall Hallston Mechanics Institute | Hallston | \$1,000 |
| Korumburra and District Agricultural and Pastoral Society Inc. | Korumburra A&P Society Kids Free Activities | Korumburra | \$1,000 |
| Loch and District Bowling Club Inc. | Upgrade | Loch | \$1,000 |
| Manna Community Garden | Renewal | Foster | \$1,000 |
| Mirboo Country Development Inc. | Revitalising Ridgway - Christmas Decorations | Mirboo North | \$1,000 |
| Rotary Club of Leongatha Inc. | 45th Rotary Club of Leongatha Art and Photography Show | Leongatha | \$1,000 |
| Rotary Club of Leongatha Inc. | Lighting upgrade for the ART show | Leongatha | \$1,000 |
| Month - November 2021 | | | |
| Leongatha Knights Football Club Inc. | Replacement parts for Soccer Goals | Leongatha | \$813 |
| Month - December 2021 | | | |
| Friends of the Mirboo North Swimming Pool | Movie Night and Pool Party | Mirboo North | \$1,000 |
| Port Welshpool Working Group | Tennis Courts Rehabilitation | Port Welshpool | \$1,000 |

| ROUND ONE ORGANISATION | PROJECT DETAILS | AREA | APPROVAL FUNDING (\$) |
|--|--|----------------|-----------------------|
| Month - January 2022 | | | |
| Lions Club of Mirboo North | Mirboo North Motorcycle Show Children's activities | Mirboo North | \$1,000 |
| South Gippsland Genealogical Society | Computer replacement | Leongatha | \$1,000 |
| Month - February 2022 | | | |
| Port Welshpool and District Bowling Club Inc. | Club Training Bowls | Port Welshpool | \$1,000 |
| South Eastern Target Archers Inc. | Bring Back Archery | Meeniyan | \$1,000 |
| Artspace@Loch | Rest assistance for Artspace@Loch | Loch | \$1,000 |
| Wooreen Art Committee | Chain-saw carved heads to tree stump in Wooreen | Wooreen | \$1,000 |
| Welshpool Recreation Reserve | Brush Cutter | Welshpool | \$789 |
| Country Women's Association Victoria (Loch Branch) | Creative Arts Exhibition | Loch | \$450 |
| Month - March 2022 | | | |
| Korumburra Italian Social Club | Joe Avati - 25 Live Have Some Respect Tour | Korumburra | \$1,000 |
| Mirboo Country Development Inc. | COVID-19 response - Air Purifier | Mirboo North | \$1,000 |
| Sandy Point Mens Shed | Native Garden | Sandy Point | \$950 |
| Month - April 2022 | | | |
| Lions Club of Korumburra Inc. | Portable Power Supply | Leongatha | \$1,000 |

EMERGENCY GRANT PROGRAM

FUNDING
\$31,960

The Emergency (Quick) Grant Program provides funding of up to \$5,000 for projects that require immediate funding and the applications are generally assessed within two weeks.

2021/22 EMERGENCY GRANT PROGRAM

| ROUND ONE ORGANISATION | PROJECT DETAILS | AREA | APPROVAL FUNDING (\$) |
|---|---|------------|-----------------------|
| Fish Creek Carnival | Fish Creek New Years Carnival | Fish Creek | \$1,000 |
| Leongatha Basketball Association | Temporary Outdoor Basketball Court | Leongatha | \$1,000 |
| Leongatha Men's Shed Inc. | Leongatha Men's Shed New Premises | Leongatha | \$1,000 |
| Leongatha Lyric Theatre Inc. | Purchase of Professional Staging | Leongatha | \$1,000 |
| Korumburra Amateur Swimming and Life Saving Club Inc. | Gas Pool Water Heater | Korumburra | \$1,000 |
| Leongatha Knights Football Club Inc. | Replacement Portable Soccer Match Goals | Leongatha | \$789 |
| Fish Creek Memorial Hall | Action Station | Fish Creek | \$450 |

COUNCIL

CHIEF EXECUTIVE OFFICER

DIRECTOR - Performance and Innovation

MANAGER FINANCIAL STRATEGY

- ACCOUNTING
- RATES
- VALUATIONS
- RISK AND PROCUREMENT

MANAGER DIGITAL AND TECHNOLOGY

- BUSINESS ANALYSIS
- INFORMATION MANAGEMENT
- IT SYSTEMS AND SUPPORT

COORDINATOR GOVERNANCE

- CORPORATE PLANNING
- CORPORATE REPORTING
- COUNCIL BUSINESS
- COUNCIL SUPPORT

MANAGER PEOPLE AND CULTURE

- HUMAN RESOURCES
- LEARNING AND DEVELOPMENT
- OHS
- PAYROLL

MANAGER CUSTOMER INFORMATION AND ADVOCACY

- COMMUNICATIONS AND ENGAGEMENT
- CUSTOMER SERVICE
- MARKETING
- MEDIA/SOCIAL MEDIA
- WEB CONTENT

DIRECTOR - Sustainable Infrastructure

MANAGER INFRASTRUCTURE MAINTENANCE

- BRIDGES AND MAJOR CULVERTS
- CIVIL CONSTRUCTION
- CUSTOMER AND BUSINESS
- FOOTPATH, KERB AND CHANNEL
- PLANT/FLEET
- ROADS, DRAINS AND STORM WATER

MANAGER OPEN SPACE AND ENVIRONMENT

- BIODIVERSITY
- PARKS AND GARDENS
- PUBLIC AMENITIES
- VEGETATION

MANAGER INFRASTRUCTURE DELIVERY

- BUILDINGS
- COMMUNITY PROJECTS
- DESIGN
- DEVELOPMENT REFERRALS
- ENGINEERING
- PROJECTS

MANAGER INFRASTRUCTURE PLANNING

- ASSET MANAGEMENT
- INFRASTRUCTURE PLANNING
- PROPERTY
- SPORT AND RECREATION
- SUSTAINABILITY
- WASTE MANAGEMENT

DIRECTOR - Economy and Community

MANAGER PLANNING AND BUILDING SERVICES

- BUILDING AND PLANNING
- PLANNING LIAISON
- STATUTORY PLANNING
- STRATEGIC PLANNING

MANAGER COMMUNITY HEALTH AND SAFETY

- CHILDREN AND FAMILY SERVICES
- ENFORCEMENT
- ENVIRONMENTAL HEALTH
- IMMUNISATION
- LOCAL LAWS
- REGIONAL ASSESSMENT
- SCHOOL CROSSINGS

MANAGER ECONOMY, COMMUNITY AND INVESTMENT

- ARTS AND CULTURE
- CARAVAN PARKS
- COAL CREEK COMMUNITY PARK AND MUSEUM
- COMMUNITY STRENGTHENING
- ECONOMIC DEVELOPMENT
- EMERGENCY MANAGEMENT
- SOCIAL PLANNING
- TOURISM DEVELOPMENT AND VISITOR SERVICES
- VOLUNTEERS

The Council appoints a Chief Executive Officer (CEO) to manage the day-to-day operations of the Council in accordance with the strategic directions of the Council Plan. The CEO together with three directors form the Executive Leadership Team (ELT) that leads the organisation with support from department managers and staff.

At 30 June 2022, Council had 270.36 full-time equivalent (FTE) employees including ongoing, temporary and casual positions. This data is provided at a single point in time. It does not consider employment context such as fixed term, grant funded, capital works, leave replacement, in sourcing of previous contracted services, or seasonal factors.

WORKFORCE BY HEADCOUNT

| Employee Headcount | Full Time | Part Time | Casual |
|--------------------|-----------|-----------|--------|
| June 30, 2022 | 228 | 60 | 40 |
| June 30, 2021 | 266 | 58 | 37 |
| June 30, 2020 | 223 | 58 | 52 |

328

NUMBER OF
EMPLOYEES 2021/22

Throughout the year employee numbers have fluctuated with an overall decrease from 298.70 FTE at the commencement of the financial year to 270.36 FTE at year end.

Council recruitment activities are guided by a range of impacts that occur over the year, which include factors such as parental leave replacements, long-service leave backfills, resignations and retirement.

In the instances of back filling positions while an employee takes leave, this is achieved by either offering internal acting opportunities or recruiting to fill temporary longer-term vacancies.

Council has undertaken minor restructures in the organisation over the past year, including in the People and Culture Department and the Digital and Technology Department.

As with all organisational restructures, affected employees were consulted prior to any final decision or action being taken.

84%

Full Time FTE
vs. 89% 2020/21

12%

Part Time FTE
vs. 10% 2020/21

3%

Casual FTE
vs. 1% 2020/21

Council Staff

A summary of the number of Full Time Equivalent (FTE) Council staff by organisational structure, employment type and gender is outlined in the below table.

WORKFORCE DATA BY FULL TIME EQUIVALENT AND GENDER

| Employment Type | Office of the CEO | Performance & Innovation | Sustainable Infrastructure | Economy & Community | Total 2021/22 | Total 2020/21 |
|-------------------------------|-------------------|--------------------------|----------------------------|---------------------|---------------|---------------|
| | FTE | FTE | FTE | FTE | FTE | FTE |
| Ongoing Full Time (FT) | | | | | | |
| Female | 2.00 | 33.00 | 15.00 | 37.00 | 87.00 | 102.00 |
| Male | - | 17.00 | 106.00 | 18.00 | 141.00 | 164.00 |
| Total Permanent FT | 2.00 | 50.00 | 121.00 | 55.00 | 228.00 | 266.00 |
| Ongoing Part Time (PT) | | | | | | |
| Female | - | 4.08 | 3.93 | 17.43 | 25.44 | 24.08 |
| Male | - | 1.03 | 5.32 | 1.5 | 7.85 | 6.05 |
| Total Permanent PT | - | 5.11 | 9.25 | 18.93 | 33.29 | 30.13 |
| Casual | | | | | | |
| Female | - | 0.94 | 1.84 | 2.8 | 5.58 | 1.67 |
| Male | - | 0 | 2.91 | 0.58 | 3.49 | 0.90 |
| Total Casual | - | 0.94 | 4.75 | 3.38 | 9.07 | 2.57 |
| Total Overall | 2.00 | 56.05 | 135 | 77.31 | 270.36 | 298.70 |

Note: At 30 June 2022, Council had 270.36 Full Time Equivalent (FTE) employees including ongoing, temporary and casual positions. This data is provided at a single point in time. It does not consider employment context such as fixed term, grant funded, capital works, leave replacement, in sourcing of previous contracted services, or seasonal factors.

Employee Performance and Professional Development

Professional development of our people is designed to ensure capabilities are enhanced that maximise delivery of services and outcomes for the community.

The *People Strategy* is made up of three underpinning documents (Council's *Workforce Management Strategy*, Council's *Gender Equality Action Plan* and the *Health, Safety and Wellbeing Strategic Plan*). Together, these documents align to focus on People and Culture's five strategic goals;

1. Our Leadership
2. Our Culture
3. Diversity, Equity and Inclusion
4. Capability and Learning
5. Trusted Partners and Connected Systems

These goals, along with Council's organisational values, underpin all of the professional and leadership development that is offered to employees at Council.

Development is offered through a range of opportunities, that can include:

- Training programs, delivered online, internal or off-site;
- Webinars and conference events related to specific disciplines;
- Coaching and mentoring from within the organisation (through a structured mentoring program) and within the sector (through networking and connections formed through professional relationships);
- Acting and secondment opportunities within Council, or across the sector; and

- Special Interest Groups, often established through networking events and maintained through ongoing professional connections, where employees from across numerous councils meet regularly to share learning, content and problem solve common challenges together.

Council also offers a study assistance program, supporting employees to seek further education in their chosen field.

Performance and development planning is also undertaken twice annually where employees meet with their leader to discuss performance objectives, goals and development opportunities.

Occupational Health and Safety

Council continues to focus on ensuring the health, safety and wellbeing of all employees, contractors, volunteers and other people who may be affected by their operations. This is being achieved through:

- Proactive identification and management of health and safety hazards and risks;
- Developing the health and safety knowledge and capability of recently elected Health and Safety Representatives;
- Active post incident reviews and the implementation of safe work practices and engineering to prevent recurrence; and
- Sharing the knowledge and lessons learned.

Training and the personal development of all employees remains a priority to Council for Occupational Health and Safety. Training continues with numerous regulatory and development training for employees on an as required basis.

Specific training is offered to employees who will use these skills within the workplace. Training delivered includes:

- Occupational Health and Safety
- Manual Handling
- Traffic Management
- First Aid
- Confined Space
- Chainsaw operation
- Working at heights
- Conflict resolution
- Effective Assertive Communication

Council continues to invest in internal education sessions, OHS inductions and training for new staff and new Assets (equipment and machine) inductions and operation is provided by the distributor.



Parks and Garden Crew

Equal Opportunity Employment Program

Council is committed to providing a workplace that is free from discrimination, bullying and harassment and in which each employee is treated with dignity, courtesy and respect.

The objective of the program is to ensure there is no discrimination relating to the characteristics listed under the *Equal Employment Act 2010*.

The organisation adopts a proactive approach to the prevention of discrimination through training, policy development, equal employment opportunities and utilising Contact Officers.

Council undertook a thorough review of the existing policies and processes related to anti-discrimination, bullying and harassment to ensure all employees are not only aware of their obligations, but have clear processes to follow if they wish to make a complaint or seek support.

Enterprise Agreement

Council's Enterprise Agreement expired in June 2022. Negotiations for a new Enterprise Agreement commenced in February 2022.

The Agreement outlines the terms and conditions of work, and importantly, describes the relationship between what we do, to the Council Plan, and its focus on benefiting all of South Gippsland.

At the time of preparing this report, the Enterprise Agreement is still underway, with the 2019 Enterprise Agreement remaining in force until a new agreement is completed.

Corporate and Social Responsibility

Employees support local and registered charities through a staff donation program. Employees via the Social Club also support local businesses by giving vouchers purchased through the 'shop local' campaign.

Gender Equality Act 2020

With the introduction of the *Gender Equality Act 2020* that commenced on 31 March 2021, Council is undertaking a number of critical objectives in line with our obligations as a defined entity.

These include:

- Completing a Workplace Gender Audit – to assess our baseline workforce data against the following seven key indicators:
 - Gender pay equity
 - Gender composition at all levels of the workforce
 - Gender composition of governing bodies
 - Workplace sexual harassment
 - Recruitment and promotion
 - Gendered work segregation
 - Leave and flexibility

- Undertaking Gender Impact Assessments on all new or revised policies, programs or services that have a direct and significant impact on the public; and
- Developing a four-year Gender Equality Action Plan.

The Gender Equality Action Plan is in its first year of implementation, with a number of actions being progressed, including;

- Promoting flexible work practices;
- Applying a gender lens to Enterprise Bargaining;
- Implementing a new, stand alone, Sexual Harassment Policy;
- Refreshed Council's Employee Code of Conduct; and
- Design of a Learning and Development Framework.

A summary of the number of FTE categorised by employment classification and gender is outlined in the below table.

WORKFORCE DATA BY CLASSIFICATION AND GENDER

| Employment Classification | Band 1 FTE | Band 2 FTE | Band 3 FTE | Band 4 FTE | Band 5 FTE | Band 6 FTE | Band 7 FTE | Band 8 FTE | All other FTE |
|-------------------------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| Ongoing Full Time (FT) | | | | | | | | | |
| Female | 0.0 | 0.0 | 5.0 | 12.0 | 17.0 | 27.0 | 9.0 | 9.0 | 8.0 |
| Male | 0.0 | 2.0 | 47.0 | 19.0 | 18.0 | 12.0 | 21.0 | 14.0 | 8.0 |
| Total Permanent FT | 0.0 | 2.0 | 52.0 | 31.0 | 35.0 | 39.0 | 30.0 | 23.0 | 16.0 |
| Ongoing Part Time (PT) | | | | | | | | | |
| Female | 3.1 | 0.0 | 1.5 | 3.9 | 5.3 | 3.5 | 6.8 | 1.5 | 0.0 |
| Male | 2.5 | 0.0 | 3.0 | 0.0 | 0.0 | 2.3 | 0.0 | 0.0 | 0.0 |
| Total Permanent PT | 5.6 | 0.0 | 4.5 | 3.9 | 5.3 | 5.8 | 6.8 | 1.5 | 0.0 |
| Casual | | | | | | | | | |
| Female | 2.6 | 0.0 | 1.1 | 1.2 | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 |
| Male | 0.9 | 0.0 | 2.3 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Casual | 3.5 | 0.0 | 3.4 | 1.6 | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 |
| Total Overall | 9.1 | 2.0 | 59.9 | 36.5 | 40.3 | 44.8 | 37.4 | 24.5 | 16.0 |

Health and Wellbeing

Workplace arrangements have been impacted in 2021/22, in numerous ways, with the COVID-19 pandemic and the impacts of extreme weather conditions. Employee health and wellbeing remains an important area of focus.

Council has continued its investment in the development of a group of Mental Health First Aid Officers, in addition to offering a range of supports through our Employee Assistance Program, Employee Contact Officers, and a library of resources both online and through available webinars and virtual programs.

Supporting our employees remains a significant focus for the coming year. Through Council's *People Strategy*, we will increase our focus on holistic employee health, safety and wellbeing.

The *Health, Safety and Wellbeing Strategic Plan (2022–2023)* has been developed to address the following areas of focus for the coming year;

- Visible felt leadership;
- Effective communication;
- Risk competency and control; and
- Organisational and Personal Resilience.

In May 2022, Council also completed an *Engagement and Wellbeing Survey*. The data from this survey has contributed to a number of the key actions in the *Health, Safety and Wellbeing Strategic Plan* as well as the *People Strategy*.

Human Rights Charter and Responsibilities

Council's *Human Rights Policy* demonstrates Council's commitment to considering and respecting human rights when developing and implementing local laws, policies, procedures, decisions and services.

A revised policy was adopted at the 19 May 2021 Council Meeting and seeks to ensure that the Council is aware and compliant with the Victorian *Charter of Human Rights and Responsibilities Act 2006 (the Charter)*.

Preventing Violence Against Women

Through Council's *Workplace Health and Wellbeing Plan*, a team of supportive staff have developed and implemented a range of violence prevention initiatives, activities and events. Council has made available Family Violence Leave to support any employee that may require assistance. Council is also active in supporting the community to address family violence issues.

Council has commenced the design of a significant training program which will develop the capability of leaders across the organisation to respond to disclosures of family violence in the workplace. Further to this, a Gender Equity and Bystander training program will be delivered to all staff over the coming 24-months, to equip all employees with the knowledge of how gender inequality can lead to violence against women, and how they can activate their skills as a bystander and call-out inappropriate behaviour in the workplace.

This development forms a component of Council's *Gender Equality Action Plan* and *People Strategy*.

Child Safety Commitment

Council has zero tolerance towards child abuse. Council has a moral and legal responsibility to ensure that all children and young people are safe in our direct care and supervision.

Council provides training, resources, information and guidance to staff to ensure *The Child Safe Standards* are followed and implemented. Council also has designated Child Safe Officers, as well as contact people in the People and Culture Department who are trained in managing Reportable Conduct.



Councillors out in the community for 'Walk Against Family Violence' as part of the 16 Days of Activism campaign held in November 2021

Section Two - Reporting Overview

2

Section Two - Reporting Overview

| | | |
|-----|---|----|
| 2.1 | Our Performance - Planning and Accountability Framework | 70 |
| 2.2 | Council Plan 2020-2024 - 2021/22 Annual Initiatives, Services Funded and Performance Indicators | 71 |

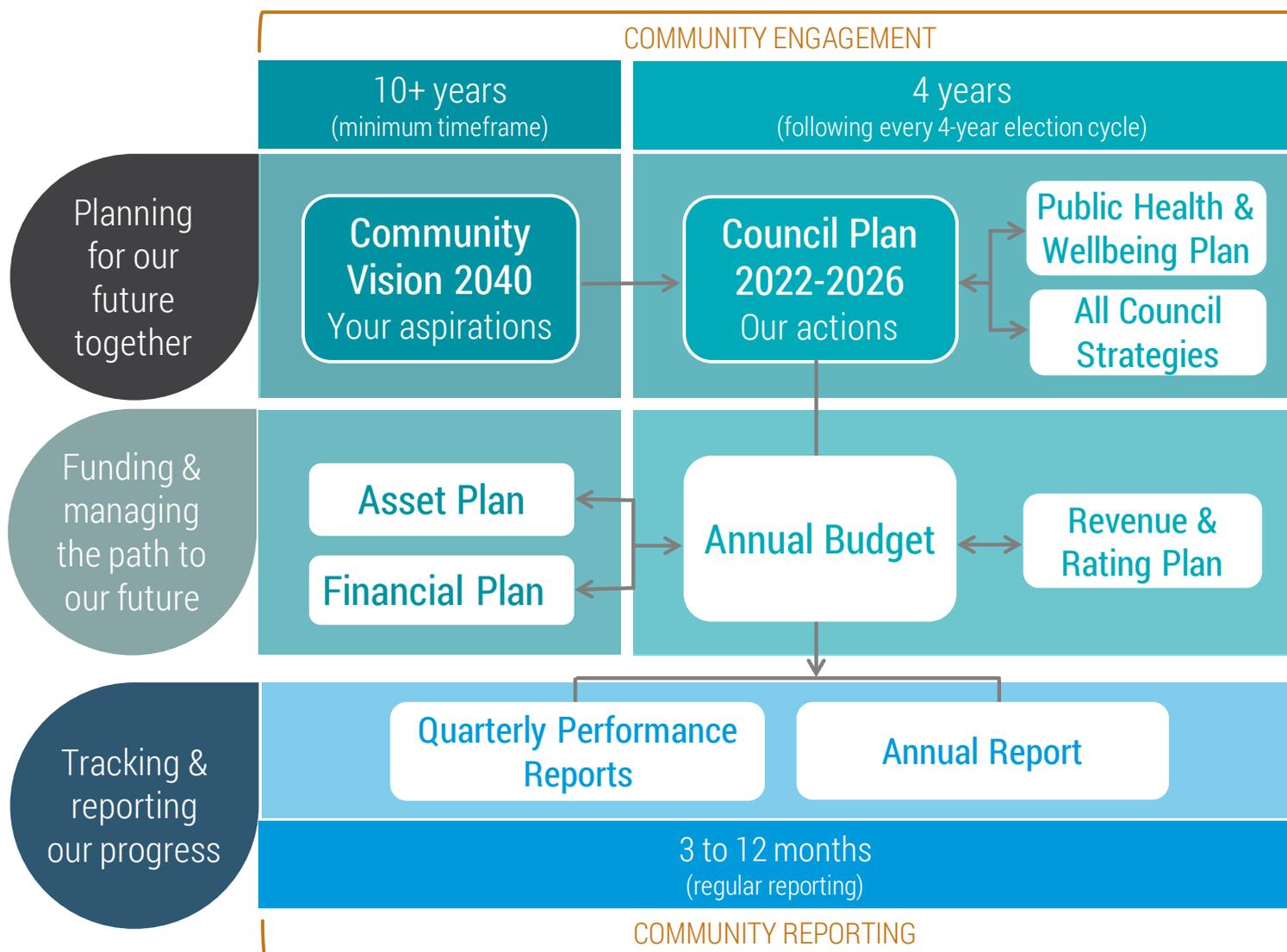
2.1 Our Performance

Integrated Strategic Planning and Reporting Framework

Part 4 - Planning and Financial Management of the *Local Government Act 2020* requires councils to prepare the following planning and reporting documents:

- A Community Vision (for at least the next 10 financial years);
- A Council Plan (for at least the next 4 financial years);
- A Financial Plan (for at least the next 10 financial years);
- An Asset Plan (for at least the next 10 financial years);
- A Revenue and Rating Plan (for at least the next 4 financial years);
- An Annual Budget (for the next 4 financial years);
- A Quarterly Budget Report;
- An Annual Report (for each financial year); and
- Financial Policies.

The following diagram shows the relationships between the key planning and reporting documents that make up the integrated strategic planning and reporting framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback.

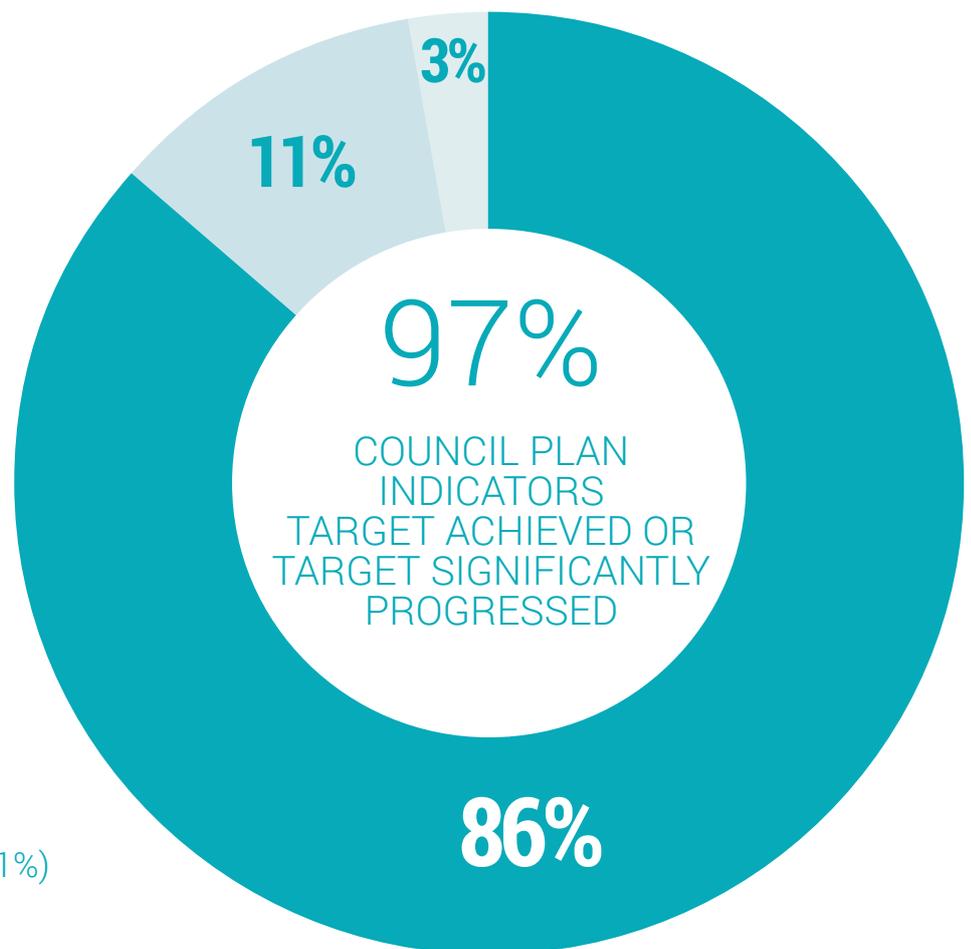


The four Strategic Objectives of the *Council Plan 2020-2024 - July 2021* include:

- United Shire;
- Economy Prosperity;
- Integrated Services and Infrastructure; and
- Customer Focused Organisation.

The following pages of this Section include:

- Results achieved against the strategic objectives in the Council Plan;
- Progress against the annual initiatives identified in the 2021/22 Annual Budget;
- Services funded in the 2021/22 Annual Budget and the departments responsible for these services; and
- Results against the prescribed service performance indicators and key performance measures.



- Target Achieved (32 indicators, 86%)
- Target Significantly Progressed (4 indicators, 11%)
- Target Not Achieved (1 indicator, 3%)

Strategic Objective One

United Shire

Our Vision

To establish a shared long term community direction that unites the Shire and guides its future direction.

To provide services that are accessible and support the various sectors of the community.

2021/22 Strategies

- 1.1 Develop a shared vision for the future direction of the Shire in partnership with the community.
- 1.2 Develop and support the leadership skills of existing and emerging community leaders, volunteers, community groups and networks.
- 1.3 Deliver efficient and responsive services that enhance the health, safety and wellbeing of the community.
- 1.4 Deliver Council's **'Community Support Package'** to support the community to respond to the COVID-19 pandemic in the recovery and re-investment of community and economic activity across the Shire.

Fish Creek

COUNCIL PLAN

Measure of Success Indicators

The following statement reviews the performance of Council against the Measure of Success Indicators of the Council Plan identified in the 2021/22 Budget.

| Indicator | Progress Comments |
|--|---|
| <p data-bbox="92 712 343 750"><i>INFLUENCE MEASURE</i></p> <p data-bbox="76 779 662 952">The effectiveness of Council and community partnerships will be measured by the quality of community projects supported financially by Council through the <i>Community Grants Program</i>.</p> <p data-bbox="76 1025 268 1064">Action/Target</p> <p data-bbox="76 1093 662 1232">All Community Grants recommended to Council for funding will require a minimum of 70 per cent of the maximum possible assessment score</p> | <p data-bbox="1181 638 1508 683">TARGET ACHIEVED</p> <p data-bbox="710 712 1476 851">Round One of the <i>2021/22 Community Grants Program</i> was awarded at the 15 December 2021 Council Meeting. Round Two of the Program was awarded at the 15 June 2022 Council Meeting.</p> <p data-bbox="710 873 1500 1153">Eligible applications to the Community Grants Program are assessed by an Assessment Panel, comprising of Council officers and two independent external assessors, who score the applications using Council's adopted community grants guidelines. Applications to the <i>Community Grants Program</i> recommended for funding by the assessment panel achieved a minimum of 70 per cent or above of the maximum possible assessment score.</p> <p data-bbox="710 1176 1500 1310">The <i>2021/22 Community Grants Program</i> funded \$222,239, across 45 community groups within the Shire. The funding is assisting and supporting community projects with a value of over \$1.08M.</p> |
| <p data-bbox="92 1440 343 1478"><i>INFLUENCE MEASURE</i></p> <p data-bbox="76 1507 606 1680">The effectiveness of the <i>Community Leadership Development Program</i> will be measured by the number of participants actively engaged in the Program and the representation across the Shire.</p> <p data-bbox="76 1753 268 1792">Action/Target</p> <p data-bbox="76 1821 587 1926">Minimum of 75 participants with broad representation from across the Shire per annum</p> | <p data-bbox="1181 1339 1508 1384">TARGET ACHIEVED</p> <p data-bbox="710 1413 1524 1552">Council's <i>Community Leadership Development Program</i> has two streams and is a two year initiative. The first stream is the <i>Community Leadership Program</i> which held two rounds and had a total of 36 participants successfully completing the Program.</p> <p data-bbox="710 1574 1508 1680">An independent evaluation of the Program was adopted by Council at the 15 June 2022 Council Meeting, reporting on the program's success in meeting its objectives.</p> <p data-bbox="710 1702 1444 1870">The second stream is Council's <i>Youth Leadership Program</i> which experienced delays during 2020/21 and 2021/22 financial years, due to the COVID-19 pandemic and its impact on face-to-face delivery of programs within the school environment.</p> <p data-bbox="710 1892 1508 2027">The <i>Youth Leadership Program</i> concluded in October 2021, with 80 students in Year's Eight and Nine at Mirboo North and Leongatha Secondary College completing a four day <i>Social Innovators Program</i>.</p> |

RESPONSIBILITY DEFINITIONS: **CONTROL** Actions of Council directly control the outcome result | **INFLUENCE** Council may influence the outcome result but other external factors or partnering activities may impact | **MONITOR** Council has no influence on the outcome result but monitors to assist with future planning and advocacy

Indicator

Progress Comments

INFLUENCE MEASURE

The effectiveness of the *Three-Year-Old Kindergarten Program* will be measured by the increase in the number of children participating in the Program, the diversity of locations in which those children reside and the optimum use of Kindergarten facilities.

Action/Target

95 per cent of children enrolled through central enrolment are granted their first or second preference

TARGET ACHIEVED

COUNCIL RESULT = 100%

All three-year-old children received their first or second preference to attend the *Three-Year-Old Kindergarten Program* in 2023.

First Round Offers of the Kindergarten Program, of the 245 enrollments, 100 per cent received their first or second preference of choice.

Action/Target

Aim for equal to or greater than 75 per cent of existing providers offering a 15 hour Kindergarten Program weekly

TARGET ACHIEVED

COUNCIL RESULT = 92%

In 2022, eleven of the twelve State funded kindergartens operating out of Council facilities provide the recommended 15-hour *Three-Year-Old Kindergarten Program* on a weekly basis in 2022.

Chairo Christian School which is a private service has small enrolment numbers for Three-Year-Old Kindergarten.

Action/Target

Baseline aims for 75 per cent of eligible children in each location attending subsidised *Three-Year-Old (3YO) Kindergarten Program*

TARGET SIGNIFICANTLY PROGRESSED

COUNCIL RESULT = 74%

Percentage of eligible children in each location attending subsidised *Three-Year-Old Kindergarten Program* for 2022:

- West (Korumburra, Loch, Poowong) - 97 of 129 eligible children enrolled = 75 per cent
- Central (Leongatha, Mirboo North, Meeniyan) - 124 of 163 eligible children enrolled = 76 per cent
- East (Fish Creek, Foster, Toora, Welshpool) - 41 of 63 eligible children = 65 per cent

RESPONSIBILITY DEFINITIONS: **CONTROL** Actions of Council directly control the outcome result | **INFLUENCE** Council may influence the outcome result but other external factors or partnering activities may impact | **MONITOR** Council has no influence on the outcome result but monitors to assist with future planning and advocacy

COUNCIL PLAN

2021/22 Annual Initiatives

The following statement reviews the performance of Council against the Council Plan identified in the 2021/22 Budget, including results achieved in relation to the strategic indicators for the year:

| Indicator | Progress Comments |
|---|---|
| <p>Work in partnership with the community and key stakeholders to develop a ten-year <i>Community Vision</i> for the future of South Gippsland, to capture community aspirations, and guide future action planning and resource allocation.</p> <p>Action/Target</p> <p>by 31 October 2022</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>A suite of Integrated Plans were adopted at the 29 June 2022 Council Meeting. This included the <i>Community Vision 2040</i>, <i>Council Plan 2022-2026</i>, <i>Financial Plan 2022-2032</i>, <i>Budget 2022-2026</i>, <i>Rating and Revenue Plan 2022-2026</i>, <i>Asset Plan 2022-2032</i> and the <i>Advocacy Strategy</i>.</p> <p>The Plans were informed from the <i>Shaping South Gippsland</i> deliberative engagement program undertaken between December 2021 and June 2022.</p> <p>The <i>Community Vision</i> was formed by a selected Panel of community members that deliberated on the community feedback at three sessions. Council thanks the Panel members and all the community members who provided feedback and informed each of these Plans.</p> |
| <p>Develop the <i>2022-2025 Municipal Public Health and Wellbeing Plan</i>, including:</p> <ul style="list-style-type: none"> • Undertaking the Liveability Study to inform health and wellbeing planning, and development of the <i>Community Vision</i>; • Undertaking community consultation on health and wellbeing issues and priorities for action. <p>Action/Target</p> <p>by 31 October 2022</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The <i>Municipal Public Health and Wellbeing Plan - Healthy Communities Plan 2021/22</i> was endorsed at the 15 September 2021 Council Meeting. Due to Council's Election occurring in October 2021, an interim one-year plan was prepared to bridge the gap between a four-year review cycle of the <i>Municipal Public Health and Wellbeing Plan</i>.</p> <p>The community engagement conducted as part of the new <i>Council Plan</i> and <i>Community Vision</i> helped to inform the development of the Plan. Stakeholder engagement was also conducted in May 2022.</p> <p>The Draft Plan was on schedule to be released to the community for further consultation at the 20 July 2022 Council Meeting.</p> |

| Indicator | Progress Comments |
|--|--|
| <p>Deliver year two of the <i>Community Leadership Program</i>, to foster and develop the quality of community leadership in South Gippsland.</p> <p>Action/Target</p> <p>by 30 June 2022</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>A total of 20 participants successfully completed the second intake of the <i>Community Leadership Program</i> in October 2021.</p> <p>An external evaluation of the Program was completed by an external consultant and adopted at the 15 June 2022 Council Meeting.</p> |
| <p>Develop a <i>2021-2025 Municipal Emergency Management Plan</i>, to plan for preparedness for and response to emergencies across the Shire.</p> <p>Action/Target</p> <p>by 31 December 2021</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The <i>South Gippsland Municipal Emergency Management Plan 2021-2025</i> (MEMP) was noted at the 15 December 2021 Council Meeting.</p> <p>The Plan was developed and endorsed by the <i>South Gippsland Municipal Emergency Management Planning Committee</i> (MEMPC).</p> |

SERVICES

Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

| Local Government Service Performance Indicators | | | | | |
|--|--------------|-----------------|-----------------|-----------------|--|
| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
| AQUATIC FACILITIES | | | | | |
| Service standard | | | | | |
| <p><i>Health inspections of aquatic facilities</i></p> <p>[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]</p> | 0 | 0 | 0 | 0 | Pool operators test water quality four times a day in line with guidelines. Council has not been required to investigate any public health complaints in 2021/22. |
| Utilisation | | | | | |
| <p><i>Utilisation of aquatic facilities</i></p> <p>[Number of visits to aquatic facilities / Municipal population]</p> | 5 | 4 | 2 | 4 | Visitation to all aquatic facilities in the Shire has increased by 47 per cent from 74,862 to 110,086 visits compared to 2020/21, following the lifting of Victorian Government COVID-19 pandemic restrictions. Mirboo North pool also contributed to increased visitation numbers after re-opening to the public following a major refurbishment. |
| Service cost | | | | | |
| <p><i>Cost of aquatic facilities</i></p> <p>[Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]</p> | New in 2020 | \$8.3 | \$11 | \$12 | <p>The increase in visitations to aquatic facilities, following the lifting of Victorian Government COVID-19 pandemic restrictions and the opening of the Mirboo North pool has seen the direct cost to Council per visit remain steady compared to the previous year.</p> <p><i>Note: from 2019/20, this indicator replaced two previous indicators: Cost of indoor and cost of outdoor aquatic facilities.</i></p> |
| Retired Measures | | | | | |
| Service cost | | | | | |
| <p><i>Cost of indoor aquatic facilities</i></p> <p>[Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]</p> | \$4 | Retired in 2020 | Retired in 2020 | Retired in 2020 | <i>Note: indicator is discontinued from 1 July 2019 and replaced by 'AF7 - Cost of aquatic facilities' which captures both indoor and outdoor aquatic facility costs.</i> |
| <p>Service cost</p> <p><i>Cost of outdoor aquatic facilities</i></p> <p>[Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]</p> | \$8 | Retired in 2020 | Retired in 2020 | Retired in 2020 | <i>Note: indicator is discontinued from 1 July 2019 and replaced by 'AF7 - Cost of aquatic facilities' which captures both indoor and outdoor aquatic facility costs.</i> |

Local Government Service Performance Indicators

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|---|--------------|-----------------|-----------------|-----------------|---|
| <p>LIBRARIES</p> <p>Utilisation</p> <p><i>Physical library collection usage</i></p> <p>[Number of physical library collection item loans / Number of physical library collection items]</p> | 5 | 3 | 3 | 3 | <p>There were 116,294 library collection item loans for 2021/22 which was higher than the 101,717 loans in 2020/21. This demonstrates that South Gippsland Libraries are slowly recovering from the Victorian Government COVID-19 pandemic restrictions.</p> <p><i>Note: from 2019/20, this indicator measures the performance of physical library items as a subset of the wider library collection.</i></p> |
| <p>Resource Standard</p> <p><i>Recently purchased library collection</i></p> <p>[Number of library collection items purchased in the last five years / Number of library collection items] x 100</p> | 69% | 74% | 65% | 64% | <p>This year there was an increase in the number of collection items purchased from 43,215 to 45,039 compared to the previous year.</p> <p>The proportion of the collection that is less than five years old, is slightly less than last year. The library services ensures its collection remains current and is regularly updated to meet the needs of its users across all libraries within the Shire, and remains consistent with previous year data.</p> |
| <p>Participation</p> <p><i>Active library borrowers in municipality</i></p> <p>[Number of active library borrowers in the last three years / the sum of the municipal population for the last three years] x 100</p> | 16% | 16% | 15% | 14% | <p>The municipal population is growing faster than the number of active library members using the service and therefore, there has been a slight decrease in the percent of residents who are active library borrowers. However, there has been a six per cent increase from 4,044 active library borrowers in 2020/21 to 4,267 in 2021/22, demonstrating users of libraries is increasing post COVID-19 restrictions.</p> |
| <p>Service cost</p> <p><i>Cost of library service per population</i></p> <p>[Direct cost of the library service / Municipal population]</p> | New in 2020 | \$44 | \$45 | \$39 | <p>Contributions from Council to library services costs decreased compared to the previous years.</p> <p><i>Note: this indicator is replacing the previous 'Cost of library service' indicator which was based on number of visits, refer to retired measures.</i></p> |
| <p>Retired Measures Libraries</p> <p>Service cost</p> <p><i>Cost of library service</i></p> <p>[Direct cost of the library service / Number of visits]</p> | \$11.00 | Retired in 2020 | Retired in 2020 | Retired in 2020 | <p><i>Note: indicator is discontinued from 1 July 2019 and replaced by 'LB5 - Cost of library service per population' which is calculated based on the municipal population rather than the number of visits to libraries.</i></p> |

Local Government Service Performance Indicators

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|---|--------------|-----------------|-----------------|-----------------|---|
| <p>MATERNAL AND CHILD HEALTH</p> <p>Service standard</p> <p><i>Infant enrolments in the MCH service</i></p> <p>[Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100</p> | 100% | 102% | 99% | 98% | <p>The number of birth notifications decreased slightly by 2.4 per cent from 289 to 282 births compared to the previous year.</p> <p>The proportion of enrollments remains high compared to all years, demonstrating the service is being used at least once by each new parent.</p> |
| <p>Service cost</p> <p><i>Cost of the MCH service</i></p> <p>[Cost of the MCH service / Hours worked by MCH nurses]</p> | \$67 | \$68 | \$71 | \$74 | <p>Maternal and Child Health Nurses have worked extra days including casual staff to cover for the demand on the MCH service during busy times.</p> <p>The Nurses have also undertaken training to keep up-to-date with changes in Council's practices.</p> |
| <p>Participation</p> <p><i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100</p> | 75% | 76% | 76% | 72% | <p>Reasons for non-attendance could be a result of deciding not to utilise the service or deciding to attend a different Maternal and Child Health Service in another council.</p> |
| <p>Participation</p> <p><i>Participation in the MCH service by Aboriginal children</i></p> <p>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100</p> | 63% | 83% | 70% | 73% | <p>The service has seen an increase from 16 to 20 Aboriginal children attending the MCH service at least once in this financial year.</p> |
| <p>Satisfaction</p> <p><i>Participation in 4-week Key Age and Stage visit</i></p> <p>[Number of 4-week Key Age and Stage visits / Number of birth notifications received] x 100</p> | New in 2020 | 94% | 94% | 95% | <p>The were 282 birth notifications received during the year and 267 four-week Key Age and Stage assessments were conducted. This figure as a proportion, continues to remain consistent with previous year results.</p> <p><i>Note: new indicator for 2019/20 financial year as per the LGPRF guideline changes.</i></p> |
| <p>Retired Measures MCH Service</p> <p>Satisfaction</p> <p><i>Participation in first MCH home visit</i></p> <p>[Number of first MCH home visits / Number of birth notifications received] X 100</p> | 99% | Retired in 2020 | Retired in 2020 | Retired in 2020 | <p><i>Note: indicator is discontinued from 1 July 2019 and replaced by 'MC6 - Participation in 4-week Key Age and Stage visit'.</i></p> |

SERVICES Funded

The following statement provides information in relation to the services funded in the 2021/22 Budget that supports Strategic Objective 1 and the persons or sections of the business area responsible.

| Business Area | Description of Services provided | Net Cost |
|-----------------------------|---|----------------|
| | | Variance \$000 |
| Executive Office Management | The Executive Office builds strong and productive relationships with government and key regional agencies to strengthen the performance of Council. | \$533 |
| | | \$655 |
| | | <hr/> |
| | | (\$110) |
| Community Services | The Community Services Department supports, connects, engages and advocates for communities, children, families and individuals in South Gippsland: | \$2,710 |
| | | \$2,200 |
| | <ul style="list-style-type: none"> • Children and Family Services including Maternal and Child Health • Community Strengthening • Regional Assessment Service • Social Planning | <hr/> |
| | | \$510 |

Strategic Objective Two

Economic Prosperity

Our Vision

To establish the Shire as a thriving and diverse local economy that builds on our region's natural advantages.

2021/22 Strategies

2.1 Build a sustainable and growing economy that:

- Attracts and supports businesses to thrive and grow;
- Broadens, builds and strengthens industry sectors;
- Creates and sustains local employment opportunities; and
- Establishes the Shire as the 'food hub' that feeds our State and beyond.

2.2 Develop plans that will balance and utilise the natural values of the environment, improve the Shire's liveability and build on the benefits of our proximity to Melbourne.

2.3 Deliver services that support the growth of the local and regional economy.

2.4 Work together with surrounding councils to support regional growth and prosperity.

Sandy Point

COUNCIL PLAN

Measure of Success Indicators

The following statement reviews the performance of Council against the Measure of Success Indicators of the Council Plan identified in the 2021/22 Budget.

| Indicator | Progress Comments |
|---|---|
| <p><i>INFLUENCE MEASURE</i></p> <p>Advocacy efforts by Council aim to influence:</p> <ul style="list-style-type: none"> an increase in the Gross Regional Product (<i>the measure of all goods and services produced within the Shire</i>) <p>Action/Target</p> <p>Equal to or greater than 5 per cent increase by 2024</p> <p>Baseline: Gross Regional Product \$1,741,092</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The Gross Regional Product (GRP) for South Gippsland was \$1,877.6 million for 2021. An increase of \$136.5 million or 7.8 per cent.</p> <p>Council has also been actively supporting businesses during the COVID-19 pandemic. This includes the Business Support Packages, Small Business Mentoring, Workshops, assistance related to outdoor dining and distribution of Government information.</p> |
| <p><i>INFLUENCE MEASURE</i></p> <p>Advocacy efforts by Council aim to influence:</p> <ul style="list-style-type: none"> an increase in the Gross Revenue of businesses of all industry sectors in South Gippsland <p>Action/Target</p> <p>Equal to or greater than 5 per cent increase by 2024</p> <p>Baseline: Gross Revenue Baseline \$3,543,907</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The Economic Output for South Gippsland was \$3,942.4 million for 2021. An increase of \$398.5 million from the baseline figure or an increase of 11.2 per cent.</p> |

RESPONSIBILITY DEFINITIONS: **CONTROL** Actions of Council directly control the outcome result | **INFLUENCE** Council may influence the outcome result but other external factors or partnering activities may impact | **MONITOR** Council has no influence on the outcome result but monitors to assist with future planning and advocacy

| Indicator | Progress Comments |
|--|---|
| <p><i>INFLUENCE MEASURE</i></p> <p>Advocacy efforts by Council aim to influence:</p> <ul style="list-style-type: none"> an increase in the number of businesses in the Shire as measured by the Australian Business Register <p>Action/Target</p> <p>Equal to or greater than 5 per cent increase in business registrations by 2024</p> <p>Baseline: business registrations of 7,300</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>Data from the Australian Business Register indicates 7,818 active business registrations in South Gippsland, as at 30 June 2022. This is an increase of 518 businesses or 7.1 per cent increase from the baseline target.</p> <p>New registrations occurred across a wide range of industry sectors, most notably in Agriculture, Administrative and Support Services, Construction, Retail Trade, Professional Services, Healthcare and social assistance.</p> |
| <p><i>INFLUENCE MEASURE</i></p> <p>The effectiveness of supporting small businesses will be measured by reducing timelines and streamlining the regulatory process through the <i>Better Approvals Program</i>.</p> <p>Action/Target</p> <p>90 per cent of business applications processed utilising the <i>Better Approvals Program</i></p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>A Business Concierge position was established in 2020/21 through funding provided from the Latrobe Valley Authority. This position is the first point of contact for business related applications and conducts the liaison across Council.</p> <p>Council has applied the Better Approvals process to 90 per cent of 325 business applications received.</p> |

RESPONSIBILITY DEFINITIONS: CONTROL Actions of Council directly control the outcome result | **INFLUENCE** Council may influence the outcome result but other external factors or partnering activities may impact | **MONITOR** Council has no influence on the outcome result but monitors to assist with future planning and advocacy

Indicator

Progress Comments

TARGET ACHIEVED

CONTROL MEASURE

The effectiveness of efforts to increase local procurement will be measured by the percentage of local spend on Council goods and services.

Action/Target

An adopted policy position and definition of 'local spend', together with baseline targets established by June 2021.

Baseline: 2020/21 Target: 64 per cent of local procurement spend of overall procurement expenditure

For the 2021/22 financial year, the local procurement component of overall Council spending was 49 per cent of an overall \$61.5 million, compared to 64 per cent of an overall spend of \$53.7 million in the previous year.

The local procurement expenditure appears lower when compared to the overall total, due to a number of high value procurement tenders occurring this financial year that did not attract any submissions from South Gippsland based suppliers, including Bituminous Surfacing works and the construction contracts for Korumburra Community Hub and Leongatha Early Learning Centre.

Of the \$30.1 million Gippsland region based total, 18 per cent was spent with South Gippsland based businesses seeing \$11 million spent directly into the local economy, down from \$12.8 million last year. However, a further \$6 million was also spent with businesses who substantially operate within the Shire which was higher when compared to the previous year of \$4.4 million.

Council adopted a revised *Procurement Policy (C32)* at the 21 July 2021 Council Meeting, which seeks to strengthen the procurement of goods and services from local suppliers. Towards the end of this financial year, Council conducted a further review of the *Procurement Policy (C32)* to align with the Instrument of Delegation which was on schedule to be endorsed at the 20 July 2022 Council Meeting.

CONTROL MEASURE

Time taken to decide planning applications.

Action/Target

Aim to reduce the number of days from 2019/20 baseline of 72 days, to equal to or less than 60 days by June 2024

TARGET NOT ACHIEVED

The LGPRF result for the median number of days taken to decide on a planning application was 99 days for the 2021/22 financial year, compared to 83 days in the previous year.

A total of 564 planning applications were received in 2021/22 compared to 557 applications in the previous year. The high number of planning applications has meant that the median number of days to make a decision has increased. This is reflective of the increase in new applications combined with staff vacancies during this period.

Recent recruitment and approved resourcing increases including improvements to processes should see this figure decline in 2022/23 financial year.

RESPONSIBILITY DEFINITIONS: **CONTROL** Actions of Council directly control the outcome result | **INFLUENCE** Council may influence the outcome result but other external factors or partnering activities may impact | **MONITOR** Council has no influence on the outcome result but monitors to assist with future planning and advocacy

COUNCIL PLAN

2021/22 Annual Initiatives

The following statement reviews the performance of Council against the Council Plan identified in the 2021/22 Budget, including results achieved in relation to the strategic indicators for the year:

| Indicator | Progress Comments |
|---|--|
| <p>Commence implementation of the <i>2021-2025 Economic Development and Visitor Economy Strategies</i>.</p> | <div style="background-color: #0056b3; color: white; padding: 5px; text-align: right; font-weight: bold;">TARGET ACHIEVED</div> <p>The <i>2021-2031 Economic Development Strategy</i> and the <i>2021-2031 Visitor Economy Strategy</i> (Strategies) were adopted at the 21 July 2021 Council Meeting.</p> <p>In Year One implementation of the Strategies, highlights include:</p> <ul style="list-style-type: none"> • Connecting Victoria Grant submission to upgrade Telstra mobile networks near Walkerville; • Continued implementation of the Victorian Government's <i>Outdoor Activation Program</i>, including delivery of outdoor seating, local event support, marketing, business fee waivers and main street footpath cleaning; • <i>Arts, Culture and Creative Industries Strategy</i> drafted and was on schedule to be presented at the 20 July 2022 Council Meeting for endorsement; • Commenced development of the <i>Great Southern Rail Trail Visitation and Marketing Plan</i>; • Commenced development of a South Gippsland place brand; • Development of a new promotional website to attract visitors to South Gippsland; • Established the <i>Shop Local Program</i> across the Shire • Ongoing delivery of a Business Concierge position and the <i>Better Approvals Program</i> to assist businesses through the regulatory process. |
| <p>Action/Target</p> | |
| <p>by 30 June 2022</p> | |

Indicator

Progress Comments

Develop a *Visitation and Marketing Plan* for the extended Great Southern Rail Trail (GSRT), and commence implementation to foster community and visitor attraction to the Trail.

Action/Target

by 30 June 2022

TARGET ACHIEVED

The *2022-2031 Great Southern Rail Trail Visitor Experience and Marketing Plan* was adopted at the 29 June 2022 Council Meeting, after extensive consultation with the community and key stakeholders.

The Plan encompasses projects and activities that are designed to improve and facilitate the experiences visitors and Trail-users will have today, and as the Trail grows and develops.



Korumburra Mural

SERVICES Funded

The following statement provides information in relation to the services funded in the 2021/22 Budget that supports Strategic Objective Two and the persons or sections of the business area responsible. The department names and descriptions may have changed during the 2021/22 financial year, however this report is designed to report against the services as described in the adopted 2021/22 Budget.

| Business Area | Description of Services provided | Net Cost |
|---|---|----------------|
| | | Variance \$000 |
| Economic and Community Development Management | The Economic and Community Development Directorate provides services including: | \$473 |
| | • Economy, Arts and Tourism; | \$365 |
| | • Planning Services; | |
| | • Community Safety; and | \$108 |
| | • Community Services | |
| Economy, Arts and Tourism | The Economy, Arts and Tourism Department strategically leads, and responsively plans economic and cultural activities to support: | \$2,085 |
| | • Investment and growth of key industries; | \$1,916 |
| | • Tourism development and increased visitation; | |
| | • Enhanced liveability; | \$169 |
| | • Increased capacity and capabilities within the creative industries. | |

| Business Area | Description of Services provided | Net Cost |
|-------------------|--|----------------|
| | | Variance \$000 |
| Planning Services | The Planning Services Department undertakes strategic planning to prepare long-term land-use planning policies and planning schemes, aligned to State Government requirements, to address a range of environments, economic and social matters. It supports community members to ensure their development needs align with these policies and planning schemes through their planning permits. | Actual \$000 |
| | | Budget \$000 |
| | | Variance \$000 |
| | | \$649 |
| | | \$919 |
| | | _____ |
| | | (\$270) |
| Community Safety | The Community Safety Department provides services to the community including animal management, building/planning enforcement, fire prevention, local laws development/enforcement, litter prevention, permits for places of public entertainment, parking control, registration of food, health and accommodation premises, report and consent applications for new buildings, school crossings and wastewater. | \$1,227 |
| | | \$1,286 |
| | | _____ |
| | | (\$59) |

SERVICES

Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

| Local Government Service Performance Indicators | | | | | |
|---|--------------|--------------|--------------|--------------|--|
| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
| STATUTORY PLANNING | | | | | |
| Timeliness | | | | | |
| <p><i>Time taken to decide planning applications</i></p> <p>[The median number of days between receipt of a planning application and a decision on the application]</p> | 72 | 77 | 83 | 99 | Service delivery and permit approval times has been impacted due to a 31 per cent increase in the number of planning applications, since 2019/20. Resourcing limitations occurring throughout the last two year's has also had a negative impact on the result. Recruitment in the Planning Department was expected to occur in July 2022. |
| <p>Service standard</p> <p><i>Planning applications decided within required timeframes</i></p> <p>[(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x 100</p> | 79% | 55% | 48% | 40% | |
| <p>Service cost</p> <p><i>Cost of statutory planning service</i></p> <p>[Direct cost of the statutory planning service / Number of planning applications received]</p> | \$1,773 | \$1,748 | \$1,385 | \$1,442 | Increased number of planning applications received and more complex applications versus reduced staff numbers has resulted in longer processing times and increased cost per planning application, compared to the previous year. However, costs still remain lower compared to 2018/19 and 2019/20 years. |
| <p>Decision making</p> <p><i>Council planning decisions upheld at VCAT</i></p> <p>[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100</p> | 80% | 71% | 50% | 75% | Three of the four Planning Permits that were appealed to VCAT had decisions that were upheld (supported). |

Strategic Objective Three

Integrated Services and Infrastructure

Our Vision

To provide the community with services and infrastructure that enhance liveability and environmental sustainability for current and future generations.

To establish a long-term program for capital works, in conversation with the community.

2021/22 Strategies

- 3.1 Establish a sustainable long-term program for capital works.
- 3.2 Optimise the life-cycle of Council's infrastructure through the use of predictive modelling to develop the asset renewal program.
- 3.2 Deliver services that enhance liveability and environmental sustainability for current and future generations.

Road Works Crew

COUNCIL PLAN

Measure of Success Indicators

The following statement reviews the performance of Council against the Measure of Success Indicators of the Council Plan identified in the 2021/22 Budget.

| Indicator | Progress Comments |
|---|---|
| <p style="text-align: right;"><i>CONTROL MEASURE</i></p> <p>The sustainability and improvement of Council's infrastructure will be measured by the percentage of completed capital works projects due for delivery in the current financial year, excluding grant funding reliant projects with funding pending.</p> <p>Action/Target</p> <p>70 per cent or greater completion each year</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The Capital Works Program was largely delivered despite material and labour shortages impacting the industry and delaying some projects.</p> <p>Of the total Capital Works Program, 71 per cent was completed and 73 per cent of the revised capital program value was delivered.</p> <p>The incomplete portion of the Program is largely attributed to some major projects, which are well underway but were not completed by the end of this financial year, due to construction industry delays.</p> |
| <p style="text-align: right;"><i>CONTROL MEASURE</i></p> <p>The sustainability and improvement of Council's infrastructure will be measured by the renewal projects returning the condition of the asset back to 'as new' condition. <i>(Level 1 condition score)</i></p> <p>Action/Target</p> <p>100 per cent of renewal projects to 'as new' condition</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>100 per cent of renewal projects returning the condition of the asset back to 'as new' was achieved for the 2021/22 financial year.</p> |
| <p style="text-align: right;"><i>CONTROL MEASURE</i></p> <p>Optimising the life-cycle of Council's infrastructure will be measured by establishing asset management baselines from predictive modelling to develop the asset renewal program.</p> <p>Action/Target</p> <p>Baseline established for Roads and Buildings, and funding requirements reviewed against long-term financial plans by June 2021</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The Assetic Predictor Modelling Software has been implemented to improve the development of asset renewal programs and long-term financial asset planning.</p> <p>The building condition report data is complete and has been uploaded into the Asset Predictor Modelling Software.</p> |

RESPONSIBILITY DEFINITIONS: **CONTROL** Actions of Council directly control the outcome result | **INFLUENCE** Council may influence the outcome result but other external factors or partnering activities may impact | **MONITOR** Council has no influence on the outcome result but monitors to assist with future planning and advocacy

COUNCIL PLAN

2021/22 Annual Initiatives

The following statement reviews the performance of Council against the Council Plan identified in the 2021/22 Budget, including results achieved in relation to the strategic indicators for the year:

| Indicator | Progress Comments |
|--|--|
| <p>Develop a ten-year Asset Plan to better plan for the development, management and renewal of community assets, and to meet legislative requirements.</p> <p>Action/Target</p> <p>by 30 June 2022</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The Asset Plan was adopted at the 29 June 2022 Council Meeting. Community consultation and engagement was aligned with the <i>Community Vision</i> and <i>Council Plan 2022 - 2026</i> process and Council's <i>Community Engagement Policy (C06)</i>.</p> |
| <p>Progress delivery of Council's program of Major Capital Projects including:</p> <ul style="list-style-type: none"> a. Korumburra Community Hub; and b. Little Commercial Street Streetscape, Korumburra. <p>Action/Target</p> <p>by 30 June 2022</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>Construction is well progressed on the streetscape works in Little Commercial Street and the Korumburra Community Hub, with both projects on-track for completion in early 2023.</p> |

Indicator

Progress Comments

Progress delivery of Council's program of Major Capital Projects including:

- c. Commence investigation and consultation into the future uses of Memorial Hall in response to the outcomes of the revised *Arts, Culture and Creative Industries Strategy*.

Action/Target

by 30 June 2022

TARGET ACHIEVED

Investigation and consultation on the future use of Memorial Hall commenced as part of the development of the *Arts, Culture and Creative Industries Strategy* and will continue in 2022/23.

Progress delivery of Council's program of Major Capital Projects including:

- d. Leongatha Railway Site Transformation project including Bair Street Bridge and Apex Park car park.

Action/Target

by 30 June 2022

TARGET SIGNIFICANTLY PROGRESSED

The delivery of the Leongatha Railway Site Transformation project is well progressed, following a delay pending the successful outcome of a grant application to the State Government's *Regional Infrastructure Fund*.

Following this application, the construction works of the Apex Park car park began in early 2022, as part of a broader car parking works package, which is well progressed at the end of this financial year. The Bair Street Bridge is on schedule to be contracted out to tender in the next financial year.

Both of these project stages are on-track for completion in 2023.

Deliver the Great Southern Rail Trail Project sections from Leongatha to Nyora.

Action/Target

by 30 June 2022

TARGET SIGNIFICANTLY PROGRESSED

The pavement works of the Great Southern Rail Trail between Leongatha and Nyora are complete with the exception of a 200 metre section between Bridge 7 and Bridge 8 (between Loch and Nyora).

The bridge works have been significantly delayed by material supply and contractor capacity during this financial year.

SERVICES Funded

The following statement provides information in relation to the services funded in the 2021/22 Budget that supports Strategic Objective 3 and the persons or sections of the business area responsible.

| Business Area | Description of Services provided | Net Cost |
|------------------------------------|--|----------------|
| | | Variance \$000 |
| Infrastructure Services Management | The Infrastructure Services Development Directorate provides services including: | \$361 |
| | • Infrastructure Planning; | \$365 |
| | • Infrastructure Delivery; | |
| | • Infrastructure Maintenance; and | |
| | • Open Space and Environment. | (\$4) |
| Infrastructure Planning | The Infrastructure Planning Department plans and manages Council's asset portfolio, including the development of sustainable and cost effective maintenance and capital programs. | \$8,567 |
| | It delivers asset management services such as waste management, and sourcing external grant funding for major projects. | \$7,974 |
| | It promotes a sustainable environment and solutions, including the delivery of projects through Council's Revolving Sustainability Fund. | \$593 |
| Infrastructure Delivery | The Infrastructure Delivery Department delivers Council's civil and building capital works program, building maintenance programs, and community infrastructure works. | \$2,136 |
| | This includes the delivery of associated services such as civil design, building maintenance, and oversight of engineering for developments in accordance with the service levels for development referrals. | \$3,398 |
| | | (\$1,262) |

| Business Area | Description of Services provided | Net Cost |
|----------------------------|--|----------------|
| | | Actual \$000 |
| | | Budget \$000 |
| | | Variance \$000 |
| Infrastructure Maintenance | | \$9,144 |
| | The Infrastructure Maintenance Department provides a safe and trafficable road network by maintaining Council and associated gravel and sealed roads, and road infrastructure assets including roads, drainage, bridges, culverts, footpaths, and waterway assets. | \$8,295 |
| | It delivers construction projects and provides a rapid response and afterhours call out service to maintain Council's roads and associated road infrastructure assets. | \$849 |
| Open Space and Environment | | \$5,783 |
| | The Open Space & Environment Department manages recreational and public areas in the form of open space, natural and foreshore bush reserves, and parks and gardens. | \$4,958 |
| | It includes grass mowing, garden maintenance and planting, urban/rural tree maintenance, public amenities and BBQ cleaning, playground replacement, landscape structure maintenance, rural roadside vegetation maintenance, urban fire hazard slashing, Great Southern Rail Trail maintenance, and control of roadside weeds to improve biodiversity outcomes. | \$825 |

SERVICES

Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

| Local Government Service Performance Indicators | | | | | |
|---|--------------|--------------|--------------|--------------|--|
| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
| ANIMAL MANAGEMENT | | | | | |
| Timeliness | | | | | |
| <p><i>Time taken to action animal management requests</i></p> <p>[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]</p> | 1.6 | 1.7 | 2.0 | 3.4 | <p>Animal management requests continued to be impacted due to the Victorian Government COVID-19 pandemic restrictions, where Officers were unable to attend properties in person until November 2021. Staff shortages in this area also impacted the time taken to action animal management requests. Resourcing challenges in this area were resolved in late 2021/22 financial year.</p> <p>The overall number of animals collected (297 to 234) and reclaimed (181 to 135) is lower compared to the previous year but the percentage overall remains consistent. COVID-19 pandemic impacts and limited staff resourcing have played an influencing part on the collection of animals.</p> <p>There has been fewer impounded animals from 297 to 234 animals, compared to the previous year. However, overall there has been an improvement of animals from 92 to 117 animals being rehomed.</p> <p>This is mainly due to COVID-19 restrictions easing and more people are viewing animals needing to be rehomed when attending the vet/pound. Staff have been proactive in increasing the feasibility of animals needing a new home.</p> <p><i>Note: new indicator for 2019/20 financial year, that demonstrates Council's commitment to re-homing animals.</i></p> |
| <p>Service standard</p> <p><i>Animals reclaimed</i></p> <p>[Number of animals reclaimed / Number of animals collected] x 100</p> | 58% | 62% | 61% | 58% | |
| <p>Service standard</p> <p><i>Animals rehomed</i></p> <p>[Number of animals rehomed / Number of animals collected] x 100</p> | New in 2020 | 31% | 31% | 50% | |

Local Government Service Performance Indicators

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|--|--------------|-----------------|-----------------|-----------------|---|
| <p>Service cost</p> <p><i>Cost of animal management service per population</i></p> <p>[Direct cost of the animal management service / Municipal Population]</p> | New in 2020 | \$17 | \$17 | \$19 | <p>The cost of service in Animal Management has remained consistent with the previous years. The cost of service has increased from \$523,536 to \$577,063 however, the municipal population has also increased for this financial year which has maintained the service level per municipal population when comparing to the previous year results.</p> <p><i>Note: indicator is replacing previous 'Cost of animal management service' which was based on cost per number of registered animals, refer to retired measures.</i></p> |
| <p>Health and safety</p> <p><i>Animal management prosecutions</i></p> <p>[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100</p> | New in 2020 | 100% | 100% | 100% | <p>There were six successful management prosecutions in 2021/22 compared to 11 prosecutions in the previous year. This result maintains levels at 100 per cent.</p> <p><i>Note: indicator is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion, refer to retired measures.</i></p> |
| <p>Retired Measures</p> <p>Animal Management</p> <p>Service cost</p> <p><i>Cost of animal management service</i></p> <p>[Direct cost of animal management service / Number of registered animals]</p> | \$65 | Retired in 2020 | Retired in 2020 | Retired in 2020 | <p><i>Note: indicator is discontinued from 1 July 2019 and has been replaced by 'AM6 - Cost of animal management service per population' which is now based on municipal population.</i></p> |
| <p>Health and safety</p> <p><i>Animal management prosecutions</i></p> <p>[Number of successful animal management prosecutions]</p> | 9 | Retired in 2020 | Retired in 2020 | Retired in 2020 | <p><i>Note: indicator is discontinued from 1 July 2019 and has been replaced by 'AM7 - Animal management prosecutions' which is now a measure of proportion, not number.</i></p> |

Local Government Service Performance Indicators

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|---|--------------|--------------|--------------|--------------|--|
| <p>FOOD SAFETY</p> <p>Timeliness</p> <p><i>Time taken to action food complaints</i></p> <p>[Number of days between receipt and first response action for all food complaints / Number of food complaints]</p> | 2.5 | 1 | 1 | 1.7 | <p>There has been an increase from four to eleven food complaints that were responded to. Of the eleven complaints seven were responded to within 24 hours. Those complaints not actioned within one day, are those received late on the first day or adjacent to public holidays. The response time is still considered satisfactory at 1.7 days.</p> |
| <p>Service standard</p> <p><i>Food safety assessments</i></p> <p>[Number of registered Class 1 food premises and Class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984</i> / Number of registered Class 1 food premises and Class 2 food premises that require an annual food safety assessment in accordance with the <i>Food Act 1984</i>] x 100</p> | 77% | 80% | 28% | 81% | <p>In 2020/21, the COVID-19 pandemic had an impact on staffing resources as Officers were primarily diverted to managing COVID-19 related issues within the community and resources were drawn away from core functions.</p> <p>The result in 2021/22 was 205 Food Safety Assessments conducted on registered Class 1 and Class 2 food premises, compared to 73 Food Safety Assessments in 2020/21. This increase demonstrates an improvement.</p> |
| <p>Service cost</p> <p><i>Cost of food safety service</i></p> <p>[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the <i>Food Act 1984</i>]</p> | \$500 | \$436 | \$459 | \$457 | <p>Cost per food premises have remained consistent.</p> |
| <p>Health and safety</p> <p><i>Critical and major non-compliance outcome notifications</i></p> <p>[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x 100</p> | 100% | 100% | 100% | 100% | <p>There were 11 critical and major non-compliance notifications received in 2021 for food premises, which were all followed up.</p> |

Local Government Service Performance Indicators

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|--|--------------|--------------|--------------|--------------|--|
| <p>ROADS</p> <p>Satisfaction of use</p> <p><i>Sealed local road requests</i></p> <p>[Number of sealed local road requests / Kilometres of sealed local roads] x 100</p> | 52 | 121 | 102 | 97 | The number of requests this year decreased from 814 requests to 787 compared to the previous year. Many of the requests this year related to water over road, flooding damage and road side land slips, as a result of the significant storm events that occurred in 2021/22. In 2019/20, improvements were made in data capturing for road requests whereby requests are now identified if they are related to a sealed or unsealed road. |
| <p><i>Note: in 2018/19 the length of sealed road included the length of kerb and channel. As per the LGPRF guidelines, kerb and channel is no longer included in this measurement. This has resulted in a decline in road length by more than 200 kilometres and skews the comparison.</i></p> | | | | | |
| <p>Condition</p> <p><i>Sealed local roads maintained to condition standards</i></p> <p>[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x 100</p> | 95% | 93% | 98% | 100% | Improvements in the capturing of asset data in recent years has resulted in improved accuracy to the databases and the information available to Council. The improvement in condition standard reflects the focus of spending on renewal of assets and targeted maintenance expenditure on isolated failures to maintain current assets. |
| <p>Service cost</p> <p><i>Cost of sealed road reconstruction</i></p> <p>[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]</p> | \$44 | \$38 | \$74 | \$54 | The per square metre rate incorporates less urban reconstruction works this year than previous years, hence the lower per square metre rate. |

Local Government Service Performance Indicators

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|---|--------------|--------------|--------------|--------------|---|
| <p>Service cost</p> <p><i>Cost of sealed local road resealing</i></p> <p>[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]</p> | \$5 | \$3.40 | \$3.90 | \$4.30 | <p>Greater use of SAM (Strain Alleviating Membrane) seals was used this year due to the relatively poor and cracked state of roads that required resealing. SAM seals are more expensive per square metre than traditional C170 type seals. A SAM seal provides a relatively thick membrane of a robust binder that absorbs movement from a weak or cracked underlying layer.</p> <p>Council's contract includes a rise and fall clause, where Council bears cost fluctuations in the price of petroleum based bitumen.</p> <p>The last two quarters of the 2021/22 financial year received significant cost escalations in the price of bitumen as a result, which has also added to the cost per square metre rise.</p> |
| <p>Satisfaction</p> <p><i>Satisfaction with sealed local roads</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]</p> | 48 | 47 | 43 | 42 | <p>The Community Satisfaction Survey demonstrated that residents main concern was the condition of the sealed road network. Preliminary condition data has indicated that the sealed network has decreased in condition but is still within service levels. The poor condition of arterial roads in the Shire and the extent of roads adversely impacted by recent storm events, may also be contributing to lower community satisfaction. Improvements have been made this year using SAM (Strain Alleviating Membrane) seals to further improve road conditions within the Shire.</p> |

Local Government Service Performance Indicators

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|--|--------------|--------------|--------------|--------------|--|
| <p>WASTE COLLECTION</p> <p>Satisfaction</p> <p><i>Kerbside bin collection requests</i></p> <p>[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x 1,000</p> | 91 | 92 | 100 | 105 | There has been a nine per cent increase from 1,240 to 1,348 in the number of kerbside bin collection requests. This is due primarily to an increase in damaged garbage bins (increase of 90 requests from the previous year). A majority of bins have been in place for over ten years. Bins are more likely to break as they get older due to repeated use and the long term effect of UV light on the plastic. |
| <p>Service standard</p> <p><i>Kerbside collection bins missed</i></p> <p>[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000</p> | 7 | 7 | 5 | 4 | Improved contractor performance has resulted in a further reduction in the number of reported missed garbage and recycling bin collections, compared to previous years. |
| <p>Service cost</p> <p><i>Cost of kerbside garbage bin collection service</i></p> <p>[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]</p> | \$131 | \$138 | \$141 | \$161 | The increased costs per household for kerbside garbage collection is due to annual contract price increases and increased waste disposal costs. Waste disposal costs are the largest contributor to the increase primarily due to large Waste Levy rate increases imposed by the State Government. |
| <p>Service cost</p> <p><i>Cost of kerbside recyclables collection service</i></p> <p>[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]</p> | \$65 | \$65 | \$75 | \$75 | Council had an additional 222 kerbside recyclables collection bins (from 12,798 to 13,020) compared to 2020/21. Costs per collection service has remained consistent with 2020/21. |
| <p>Waste diversion</p> <p><i>Kerbside collection waste diverted from landfill</i></p> <p>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100</p> | 52% | 53% | 52% | 52% | The result is consistent year-on-year with waste diverted from landfill by providing services that suit the needs of the Shire. Planned future service changes in waste management and in partnership with other councils will also aim to increase diversion rates in the near future. |

Strategic Objective Four

Customer Focused Organisation

Our Vision

To be recognised as a customer focused organisation, aligning Council services to changing community needs.

2021/22 Strategies

- 4.1 Engage the community in developing significant strategic plans and continued involvement in decision making.
- 4.2 Review and implement changes to Council plans, policies and practices to align with the new *Local Government Act* and the Commission of Inquiry recommendations.
- 4.3 Provide meaningful and timely communication and quality customer service.
- 4.4 Build on the organisation's leadership, governance, financial sustainability, shared values and cultural capabilities.

Council Customer Service Team

COUNCIL PLAN

Measure of Success Indicators

The following statement reviews the performance of Council against the Measure of Success Indicators of the Council Plan identified in the 2021/22 Budget.

| Indicator | Progress Comments |
|---|---|
| <p style="text-align: right;"><i>CONTROL MEASURE</i></p> <p>Measure customer satisfaction with community consultation and engagement.</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The <i>Community Engagement Policy</i> was adopted by Council at the 24 February 2021 Council Meeting and met the legislated timeframe of 1 March 2021.</p> <p>Council held the largest ever community engagement campaign: <i>Shaping South Gippsland</i> this financial year and conducted a variety of different communication methods to further engage with the community. These included:</p> <ul style="list-style-type: none"> • Facebook Q and A • Community pop-up events • Regional Project Profile Survey • Stakeholder breakfast; and • YourSay on-line surveys. <p>These methods aim to further improve on how Council engages with the community.</p> |
| <p>Action/Target</p> <p>Prepare a comprehensive review of the <i>Community Engagement Policy</i> by 1 March 2021</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>Council has maintained the result of 44 points out of 100 in this year's 2021/22 <i>Customer Satisfaction Survey</i>.</p> <p>Council anticipates that this result will continue to improve due to Council's increased delivery of community engagement activities. One new method of engagement this financial year included an on-line engagement platform, <i>YourSay</i>.</p> <p>In April/May 2022 South Gippsland held the largest ever community engagement campaign: <i>Shaping South Gippsland</i>. This campaign would not have been captured in the 2021/22 <i>Customer Satisfaction Survey</i> results.</p> |

RESPONSIBILITY DEFINITIONS: **CONTROL** Actions of Council directly control the outcome result | **INFLUENCE** Council may influence the outcome result but other external factors or partnering activities may impact | **MONITOR** Council has no influence on the outcome result but monitors to assist with future planning and advocacy

Indicator

Progress Comments

CONTROL MEASURE

Community satisfaction with Council's performance in Customer Service.

Action/Target

Equal to or greater than the average annual Customer Service result for large rural councils by June 2024

Note: Local Government Community Satisfaction Survey

TARGET SIGNIFICANTLY PROGRESSED

Council increased the result from 56 in 2020/21 to 66 points out of 100 in the 2021/22 *Customer Satisfaction Survey*, in relation to the key question on *Customer Service - overall performance across the organisation*. This compares to the large rural council result of 67 points out of 100.

Council's *Customer First Project*, is designed to continue to improve the quality of service to customers within the Shire.

INFLUENCE MEASURE

Council continues to actively explore options for delivery of shared services in partnership with other councils.

Action/Target

Progress update reports included in the Organisational Performance Reports

TARGET ACHIEVED

Shared Services options continue to be explored with discussions held with other councils on options to share services and capabilities. Exploration of sharing technology services and solutions has continued with exploration across three Victorian councils to understand options in terms of capabilities. Council will continue to explore other options as they arise.

RESPONSIBILITY DEFINITIONS: **CONTROL** Actions of Council directly control the outcome result | **INFLUENCE** Council may influence the outcome result but other external factors or partnering activities may impact | **MONITOR** Council has no influence on the outcome result but monitors to assist with future planning and advocacy

| Indicator | Progress Comments |
|--|---|
| <p style="text-align: right;"><i>CONTROL MEASURE</i></p> <p>All legislated policies and procedures reviewed and adopted.</p> <p>Action/Target</p> <p>Prepared and adopted in accordance with legislated timelines</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The policies under the <i>Local Government Act 2020</i> required to be completed this year have been adopted by their due dates. The <i>Procurement Policy</i> was adopted at the 21 July 2021 Council Meeting ahead of the 31 December 2021 statutory requirement.</p> <p>The <i>Councillor Code of Conduct</i> was reviewed and adopted in February 2022 within the required four month timeframe following a Council election.</p> <p>The <i>Workforce Plan</i> for the organisation and the <i>Complaint Handling Policy</i> were also completed and endorsed by the Chief Executive Officer by 31 December 2021 in accordance with the required timeframes.</p> <p>The <i>Councillor Support and Expenditure Policy</i> which sets the resources to support Councillors was adopted in March 2022.</p> |
| <p style="text-align: right;"><i>INFLUENCE MEASURE</i></p> <p>Council meets its legislative requirements for annual financial performance reporting and the Local Government Performance Reporting Framework (LGPRF).</p> <p>Action/Target</p> <p>Annual Report adopted and unqualified VAGO Audit achieved in accordance with legislative requirements and timelines</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The Performance and Financial Statement and LGPRF results were audited by the Victorian Auditor-General's Office (VAGO) and endorsed at the 15 September 2021 Council Meeting. An unqualified audit result was achieved.</p> <p>The final <i>2020/21 Annual Report</i> including the Report of Operations, the above statements and VAGO audited certificates were adopted at the 20 October 2021 Council Meeting.</p> <p>Following that Council Meeting the full report was sent to the Minister for Local Government as per requirements of the <i>Local Government Act 1989</i>.</p> |

RESPONSIBILITY DEFINITIONS: **CONTROL** Actions of Council directly control the outcome result | **INFLUENCE** Council may influence the outcome result but other external factors or partnering activities may impact | **MONITOR** Council has no influence on the outcome result but monitors to assist with future planning and advocacy

COUNCIL PLAN

2021/22 Annual Initiatives

The following statement reviews the performance of Council against the Council Plan identified in the 2021/22 Budget, including results achieved in relation to the strategic indicators for the year:

| Indicator | Progress Comments |
|--|---|
| <p>Develop a Council Advocacy Strategy to deliver improved and better targeted advocacy for projects that will achieve improved quality of life for the South Gippsland community.</p> <p>Action/Target</p> <p>by 30 June 2022</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>The <i>Advocacy Strategy 2022</i> was adopted at the 29 June 2022 Council Meeting.</p> |
| <p>Develop and deliver a range of key strategic plans in partnership with the community and key stakeholders:</p> <p>a. <i>2022-2026 Council Plan</i> to commence achievement of the new <i>Community Vision</i>;</p> <p>b. <i>Revenue and Rating Plan</i> for a period of the next four financial years; and</p> <p>c. Four-year <i>Budget</i> and ten-year <i>Long-term Financial Plan</i>.</p> <p>Action/Target</p> <p>by 30 June 2022</p> | <p style="text-align: right;">TARGET ACHIEVED</p> <p>A suite of Integrated Strategic Plans were adopted by Council at the 29 June 2022 Council Meeting which included:</p> <ul style="list-style-type: none"> • Community Vision 2040; • Council Plan 2022-2026; • Financial Plan 2022/23-2031/32; • Budget 2022/23-2025/26; • Rating and Revenue Plan 2022-2026; • Asset Plan 2022/23-2031/32; and • Advocacy Strategy 2022. <p>These documents were all informed by the <i>Shaping South Gippsland</i> community engagement program undertaken between November 2021 to June 2022.</p> <p>The <i>Community Vision</i> was also formed by a selected Panel of community members that deliberated on the community feedback at three sessions during this time.</p> <p>Council thanks the Panel members and all the community members who provided feedback and helped to inform each of these Plans.</p> |

Indicator

Progress Comments

Welcome South Gippsland's new Councillors, and deliver a comprehensive induction and transition program, to support Councillors to form an effective team and set them up for success during their term.

Action/Target

by 28 February 2022

TARGET ACHIEVED

The *Councillor Transition Program* was delivered to the Councillors following the November 2021 Council Election. All mandatory components have been completed.

A wide range of additional sessions and workshops have been provided to set the Councillors up for success. On-going development opportunities will be provided throughout their term.

Continue to roll out Council's *Customer First Project*, to deliver improved customer service and customer feedback processes.

Action/Target

by 31 December 2021

TARGET ACHIEVED

The Customer First Project is being implemented, including an updated complaint handling process which has been implemented this financial year.

Indicator

Progress Comments

Continue to deliver Council's program of Service Reviews to identify process enhancements, customer service improvements, definition of community services and operational efficiencies.

Action/Target

by 30 June 2022

TARGET ACHIEVED

The People and Culture Service Review was finalised and implementation complete. During the 2021/22 financial year, Council completed four Service Reviews resulting in improved services and efficiencies for each area.

- Community Strengthening;
- Innovation and Technology;
- People and Culture; and
- Planning Services.

Continue to develop and deliver Council's *Good Governance Framework* to continuously improve Council's good governance practices, and respond to the Commission of Inquiry recommendations.

Action/Target

by 30 June 2022

TARGET ACHIEVED

The final *Good Governance Framework* update to the Administrators was adopted at the 15 September 2021 Council Meeting. There has been a continued focus on reviewing and updating policies as part of the implementation of the Framework.

Councillors reviewed and updated the *Councillor Code of Conduct* and signed their commitment to it at the 16 February 2022 Council Meeting. The *Councillor Support and Expenditure Policy* has also been reviewed and was adopted at the 16 March 2022 Council Meeting.

The development and preparation of a suite of Integrated Plans was adopted in June 2022. These plans shape the organisation's direction and resources for the term of Council and into the future.

The Mayor has informed the Minister for Local Government of the progress made by the Council since their election to complete the remaining recommendations of the *Commission of Inquiry Report*. While good governance improvements will continue, the main Framework is now established for the Council going forward.

SERVICES Funded

The following statement provides information in relation to the services funded in the 2021/22 Budget that supports Strategic Objective Four and the persons or sections of the business area responsible. The department names and descriptions may have changed during the 2021/22 financial year, however this report is designed to report against the services as described in the adopted 2021/22 Budget.

| Business Area | Description of Services provided | Net Cost |
|---------------------------------------|--|----------------|
| | | Variance \$000 |
| Performance and Innovation Management | The Performance and Innovation Directorate provides services including: <ul style="list-style-type: none"> • Financial Strategy; • Community Information and Advocacy; • Innovation and Technology; • People and Culture • Governance Services; and • Library Board representation and funding contribution. | \$1,923 |
| | | \$1,885 |
| | | \$38 |
| | | |
| | | |
| Financial Strategy | The Financial Strategy Department delivers financial planning, budget management, legislative compliance, rates and valuation services and internal support to departments, teams and individuals in relation to finance functions. | \$399 |
| | | \$2,015 |
| | | (\$1,616) |
| Innovation and Technology | The Innovation and Technology Department work across all areas of Council to provide cost-effective technology and services. It aims to deliver the best quality services to the Community and provide contemporary tools for staff to operate efficiently. The team consists of Information systems, Information Management, and Innovation. | \$3,040 |
| | | \$2,819 |
| | | \$221 |

| Business Area | Description of Services provided | Net Cost |
|------------------------------------|---|----------------|
| | | Actual \$000 |
| | | Budget \$000 |
| | | Variance \$000 |
| People and Culture | The People and Culture Department strive for a safe, healthy and high performing workplace, in which our people can grow both personally and professionally. | \$1,212 |
| | It manages recruitment, workplace relations and industrial relations, gender equity and diversity and inclusion, organisational learning and development, occupational health, safety and wellbeing, human resources and performance management, workers compensation and return to work management and payroll. | \$1,273 |
| | | (\$61) |
| Governance | The Governance Department delivers services from the Risk, Procurement and Council Business teams to the community, Councillors and staff. | \$3,256 |
| | It provides support for Council meetings, briefings and hearings, is responsible for contract management, risk and insurance, Freedom of Information and Privacy, internal audit, regulatory compliance, tendering, corporate planning, monitoring and reporting, including development of the Council Plan and Annual Report. It leads policy review and provides reform support including the <i>Local Government Act 2020</i> . | \$3,340 |
| | | (\$84) |
| Community Information and Advocacy | The Community Information and Advocacy Department services to the community include phone-based customer service, website maintenance, social media, front-desk customer service, media liaison, coordination of Council Noticeboard and the Administrators' Message, advocacy materials to support Council's key projects, maintenance of the on-line Community Directory, production and distribution of the e-newsletter In The Know, Australia Day Awards and ceremonies. | \$1,134 |
| | | \$1,192 |
| | | (\$58) |

SERVICES

Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

| Local Government Service Performance Indicators | | | | | |
|--|--------------|--------------|--------------|--------------|---|
| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
| GOVERNANCE | | | | | |
| Transparency | | | | | |
| <p><i>Council decisions made at meetings closed to the public</i></p> <p>[Number of Council resolutions made at ordinary or special meetings of Council, or at meeting of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x 100</p> | 17% | 15% | 25% | 20% | <p>Of the 120 Council decisions, 24 items or 20 per cent were in closed session. Of the 24 closed matters, 75 per cent were commercial contracts. Other matters were personal information or information that would prejudice Council's position in commercial negotiations.</p> <p>There were 36 matters closed in the previous year and the result is more in line with other years for Council decisions being closed to the public.</p> |
| Consultation and engagement | | | | | |
| <p><i>Satisfaction with community consultation and engagement</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</p> | 40 | 41 | 44 | 44 | <p>Community consultation and principles continue to be reviewed and improved to ensure Council is engaging appropriately with community members. This included adding in new methods of engagement including an online engagement platform, YourSay.</p> <p>In April/May 2022, Council held the largest ever community engagement campaign: <i>Shaping South Gippsland</i>. This campaign would not have been captured in the 2022 Community Satisfaction Survey results.</p> |
| Attendance | | | | | |
| <p><i>Councillor attendance at council meetings</i></p> <p>[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) x (Number of Councillors elected at the last Council general election)] x 100</p> | 76% | 92% | 96% | 97% | <p>Attendance by Administrators in the first four months of the 2020/21 financial year was 100 per cent.</p> <p>Councillor attendance at open and additional meetings since elected in November 2021 was high, with 100 per cent attendance, except for two meetings held with seven Councillors and six Councillors in attendance.</p> |

Local Government Service Performance Indicators

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|---|--------------|--------------|--------------|--------------|--|
| <p>GOVERNANCE</p> <p>Service Cost</p> <p><i>Cost of elected representation</i></p> <p>[Direct cost of governance service / Number of Councillors elected at the last Council general election]</p> | \$49,514 | \$192,132 | \$155,586 | \$70,869 | The Cost of elected Councillors has decreased due to the difference of nine Councillors to three Administrators in 2020 and 2021. |
| <p>Satisfaction</p> <p>Satisfaction</p> <p><i>Satisfaction with Council decisions</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]</p> | 35 | 37 | 46 | 48 | <p>Community satisfaction with Council decisions making has increased significantly since 2020. This result compares to large rural council's average of 51.</p> <p>An increase on the 2021 result also demonstrates an improvement in community satisfaction with the newly elected Council in November 2021.</p> |

Section Three - Governance Overview

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| 3.5 | Governance Management Checklist | 134 |

New Council Elected

On 21 June 2019, the *Local Government (South Gippsland Shire Council) Act 2019 (SGSC Act)* received Royal Assent and came into operation on 22 June 2019. The 2016-2019 term of Council was dismissed by the State Government.

On 23 July 2019, a Panel of Administrators were appointed by the Minister for Local Government. Julie Eisenbise was appointed as the Administrator Chair, Christian Zahra as the Deputy Chair and Rick Brown as Administrator, to form the new South Gippsland Shire Council through to the Council election held in October 2021.

The prescribed Election Day was Saturday 23 October 2021. The Electoral Commissioner of the Victorian Electoral Commission (VEC) extended the timeline as per Regulations 60(1)(b) and 57(3)(a) due to the VEC identifying that a number of voters across all three wards had not received their ballot packs for the election.

The timeline was extended by one week from 6pm of Friday 22 October to 6pm on Friday 29 October 2021. This also resulted in an extended postal vote receipt period by one week that ended at 12 noon on Friday 5 November 2021. The declaration of the election results was made on 9 November 2021.

Following the election, the *Minister for Local Government* appointed Prue Digby to the position of Municipal Monitor at South Gippsland Shire Council under s.179(1) of the *Local Government Act 2020* in November 2021. The role of the Municipal Monitor is governed by Terms of Reference and is required to attend briefing sessions and Council Meetings where Councillors are in attendance.

The Councillors were sworn in on 16 November 2021, where they each took either the Oath or Affirmation of Office and signed their commitment to abide by the *Councillor Code of Conduct (C14)*.

The nine elected Councillors included:

- Councillor Adrian Darakai
- Councillor Mohya Davies
- Councillor Mick Felton
- Councillor Sarah Gilligan
- Councillor Nathan Hersey
- Councillor Jenni Keerie
- Councillor Scott Rae
- Councillor John Schelling
- Councillor Clare Williams

The Administrators roles and responsibilities were completed when the Mayoral election was held on 17 November 2021. The new Mayor, Cr Mohya Davies and Deputy Mayor, Cr Nathan Hersey, were elected to their respective roles.

| Administrator Term | Years Appointed |
|--|-------------------------------|
| Julie Eisenbise <i>Chair Administrator</i> | 2019 2020 2021 November |
| Christian Zahra <i>Deputy Chair Administrator</i> | 2019 2020 2021 November |
| Rick Brown <i>Administrator</i> | 2019 2020 2021 November |

South Gippsland Shire Council is constituted under the *Local Government Act 2020 (Act)*, and the *Local Government (South Gippsland Shire Council) Act 2019*. The Act outlines that all Victorian Councils have the functions and the powers the Parliament considers are necessary to ensure the peace, order and good government of Council's municipal district.

The Order in Council of the *Local Government (South Gippsland Shire Council) Act 2019* expired at the commencement of the 17 November 2021 Council Meeting when the Mayor and Deputy Mayor were elected.

Roles and Responsibilities

The role of a Council is provided under Section 8 - *the Role of a Council of the Local Government Act 2020*, as follows:

1. The role of a Council is to provide good governance in its municipal district for the benefit and wellbeing of the municipal community.
2. A Council provides good governance if Councillors perform their roles in accordance with Section 9 and Section 28.
3. In performing its role, a Council may:
 - a) perform any duties or functions or exercise any powers conferred on a Council by or under this Act or any other Act; and
 - b) perform any other functions that the Council determines are necessary to enable the Council to perform its role.

4. If it is necessary to do so for the purpose of performing its role, a Council may perform a function outside its municipal district.

Council performs these roles by:

- Responsibly taking into account the diverse needs of the local community in decision making;
- Providing leadership by establishing the policy direction of Council, setting strategic objectives to be achieved and monitoring progress;
- Achieving good governance through delegations of authority and establishing frameworks for the management of advisory committees and formally appointed *Community Asset Committees*;
- Advocating the interests of local communities to other levels of Government, including seeking external funding to supplement Council and community funded projects;
- Ensuring resources are managed in a responsible, accountable and sustainable manner; and
- Fostering community cohesion and encouraging active participation and engagement in civic life and decision making.
- Active participation and engagement in civic life and decision making.

Council's Good Governance Framework

Local Government is underpinned by good governance, visionary leadership and teamwork, by lived values and ethics, by respect at Councillor and organisation levels and between each.

It is underpinned by a shared commitment to plan, work, advocate for and achieve the best possible outcomes for the whole Shire and community.

The *Good Governance Framework* (Framework), adopted on 18 December 2019, is focusing the organisation on addressing gaps and strengthening many of the components that form the eight pillars of good governance.

The implementation of the Framework has progressed with the adoption of the suite of Integrated Plans that included the *Community Vision 2040*, *Council Plan 2022-2026*, *Financial Plan 2022-2032*, *Budget 2022/23-2025/26*, *Rating and Revenue Plan 2022-2026* and *Asset Plan 2022-2032*.

Further progress has been made with the review and adoption of many policies, including the *Councillor Code of Conduct*, *Staff Code of Conduct*, *Complaint Handling Policy*, *Procurement Policy*, *Asset Management Policy* and *Financial Management Policy*.

The review has been aided by final transition stages to implement the *Local Government Act 2020*, that received Royal Assent in February 2020. The review of the policies and strategies has refined their content and purpose and aligns them to the Act, or other relevant legislation. The establishment of more integrated strategies and the review of policies will be an on-going component of the Framework.

A summary of the framework is indicated on the next page.

Good Governance Framework Diagram

Outcomes of Good Governance

Sustainable Outcomes Achieved

Shire Health, Wellbeing and Economy Strengthened

Efficient (Quality) Community Services

Council Directions and Priorities Achieved

Informed Decisions Made

Drives Outcomes

Pillars that Drive the Achievement of Outcomes

| | | | |
|----------|---------------------------------------|----------|--|
| 1 | Direction and Leadership | 5 | Communications and Community Engagement |
| 2 | Culture and Behaviour | 6 | Capability |
| 3 | Decision Making | 7 | Risk and Compliance |
| 4 | Structure Systems and Policies | 8 | Monitoring and Performance Review |

Principles and Behaviours of Good Governance

Good Governance is...

| | | |
|------------------------|--------------------------------|---|
| accountable | equitable and inclusive | good relationships |
| transparent | effective and efficient | trust |
| the rule of law | participatory | appropriate decision making |
| responsive | diversity | acting with integrity and impartiality |

Key Performance Indicators

Legislated measures required under Local Government Performance and Reporting Framework

External measures required by Government or auditing requirements

Council measures required under Community Vision and Council Plan

Corporate measures based on SGSC data for internal and external organisational management

Department measures based on SGSC data for service standards, performance and team based requirements

Individual measures based on personal work plans

Participating in Council

South Gippsland Shire Council welcomes community attendance and participation at Council and Council Meetings and provide input into Council's decision-making processes.

Community members are encouraged to register an *Expression of Interest* if they are interested in meeting with Council on matters of community interest. Depending on the request, appropriate arrangements are put in place for the community member to meet with the Mayor and Councillors, the Chief Executive Officer and/or with Council Officers who can assist them. Where practicable, these can be incorporated into Council's 'Community Days'. Details on how to submit an *Expressions of Interest* is available on Council's website.

Council holds Community Days on the fourth week of each month. These days create opportunities for members of the community or community groups to meet with people that have requested some of the Councillors time or show them projects out in their local areas and talk about matters of interest they want to share with the Councillors.

Council Meetings also provide the opportunity for community members to submit up to three public questions via Council's website prior to the Council Meeting or at the Council Meeting. Those submitted several days in advance will normally have a response provided at the Council Meeting. Those received on the day of the meeting may be taken-on-notice and provided with a subsequent response. Questions submitted are read out by the Chief Executive Officer at the Council Meeting. Details on how to submit a question is made available on Council's website.

Petitions are also able to be tabled at Council Meetings. Guidance is provided on Council's website to assist with preparing a valid petition.

Council Meetings

Council's formal decision-making processes are conducted through monthly scheduled and occasional additional Council Meetings. Council Meetings are held on the third Wednesday of each month and are open to the public. These meetings are live-streamed on the internet. Most Council Meetings this year have been in person with the public able to attend. Meetings that had to meet stricter COVID-19 pandemic restrictions, required some meetings to be held virtually. The live-stream provided the ability for these Council Meetings to be made open to the public via Council's website.

The safety of the community and staff and the continuation of vital services remained Council's highest priority in applying these requirements.

Council Meetings, Special Committees and the Election of the Mayor and Deputy Mayor are governed by the adopted *Governance Rules (C82)*. Council delegates its administrative decision making to the Chief Executive Officer and under some specific pieces of legislation directly to staff. Council also delegates decision making for specific facilities/reserves to the community through Community Asset Committees. The Chief Executive Officer has the authority to sub-delegate decision making to staff. These delegations are regularly reviewed and they are exercised in accordance with adopted Council policies and relevant legislation.

Meetings were held in open session, only closing parts of some meetings to consider confidential matters, or other exceptions, as designated under s.66 and s.3(1) of the *Local Government Act 2020*. The specified grounds or the relevant designation are always provided.

Attendance at Meetings

Administrators and Councillors attended briefing sessions that provide background information to help support them in decision making at Council Meetings. The topics covered and attendances of Administrators, Councillors and the Municipal Monitor (as applicable) at these sessions are reported in each scheduled Council Meeting agenda, along with any declared conflicts of interest.

The Mayor and Councillors have held meetings with people involved in various planning matters and other formal submission hearings. These are organised in advance of Council Meetings, so that Councillors have sufficient time to consider the various matters before being called upon to decide.

The below table provides a summary of the number of Council Meetings and Administrator or Councillor attendance for 2021/22 financial year.

| COUNCILLOR ATTENDANCE | Council Meeting | Additional Meeting | All Meetings |
|---|------------------------|---------------------------|---------------------|
| Julie Eisenbise (Chair Administrator) | 4 of 4 meetings | | 4 of 4 meetings |
| Christian Zahra (Deputy Administrator) | 4 of 4 meetings | | 4 of 4 meetings |
| Rick Brown (Administrator) | 4 of 4 meetings | | 4 of 4 meetings |
| Councillor Mohya Davies (Mayor) | 8 of 8 meetings | 1 of 1 meeting | 9 of 9 meetings |
| Councillor Nathan Hersey (Deputy Mayor) | 7 of 8 meetings | 1 of 1 meeting | 8 of 9 meetings |
| Councillor Adrian Darakai | 8 of 8 meetings | 1 of 1 meeting | 9 of 9 meetings |
| Councillor Mick Felton | 7 of 8 meetings | 1 of 1 meeting | 8 of 9 meetings |
| Councillor Sarah Gilligan | 7 of 8 meetings | 1 of 1 meeting | 8 of 9 meetings |
| Councillor Jenni Keerie | 7 of 8 meetings | 1 of 1 meeting | 8 of 9 meetings |
| Councillor Scott Rae | 7 of 8 meetings | 1 of 1 meeting | 8 of 9 meetings |
| Councillor John Schelling | 8 of 8 meetings | 1 of 1 meeting | 9 of 9 meetings |
| Councillor Clare Williams | 8 of 8 meetings | 1 of 1 meeting | 9 of 9 meetings |
| Municipal Monitor Prue Digby | 8 of 8 meetings | Not Applicable | 8 of 8 meetings |

13
Council Meetings
 in 2021/22

10
Confidential Meetings
 in 2021/22

Community Asset Committees

Council's *Asset Community Committees* are formed under Section 65 of the *Local Government Act 2020* to manage a range of community facilities and assets on the community's behalf, and make an important and valued contribution to community life in South Gippsland. These Committees have limited delegations, including minor financial delegations for site specific facilities/areas of responsibility.

The following table contains a list of all Community Asset Committees established by Council that are in operation and the purpose for which each was established:

| COMMUNITY ASSET COMMITTEES | PURPOSE OF THE COMMITTEE |
|--|---|
| Sandy Point Community Centre and TP Taylor Reserve Community Asset Committee | To manage the Sandy Point Community Centre and TP Taylor Reserve |
| Dumbalk Hall Community Asset Committee | To manage the Dumbalk Hall |
| Foster Stockyard Gallery Community Asset Committee | To manage the Foster Stockyard Gallery |
| Mirboo North Hall Community Asset Committee | To manage the Mirboo North Hall |
| Meeniyah Sports Stadium Community Asset Committee | To manage the Meeniyah Sports Stadium |
| Allambee South Community Hall Community Asset Committee | To manage the Allambee South Community Hall |
| John Terrill Memorial Park and Fish Creek Recreation Reserve Community Asset Committee | To manage the John Terrill Memorial Park and Fish Creek Recreation Reserve |
| Foster War Memorial Arts Centre and Senior Citizens Centre | To manage the Foster War Memorial Arts Centre and Senior Citizens Centre |
| Korumburra Recreation Reserve Community Asset Committee | To manage the Korumburra Recreation Reserve |
| Foster Showgrounds Community Asset Committee | To manage the Foster Showgrounds |
| Walter J. Tuck Reserve Community Asset Committee | To manage the Walter J. Tuck Reserve |
| Port Welshpool and District Maritime Museum Community Asset Committee | To manage the Port Welshpool and District Maritime Museum Community Asset Committee |

Conflict of Interests

Councillors have been elected by the community under the *Local Government Act 2020*. They are required to act in the best interests of the whole community.

This is a position of trust that requires Councillors to put aside their personal interests to make decisions in the public interest. When Council delegates its powers to a Council Officer or a Committee of Council, the Committee and Officer also needs to act in the public interest.

A conflict of interest occurs when a personal or private interest might compromise the ability of the Mayor and Councillors as the Council, Committees of Council or Officers to act in the public interest.

A conflict of interest exists even if no improper act results from it. Declaration of a conflict of interest is a standard agenda item for all Council, Committee and briefing meetings.

Council has comprehensive procedures in place to accommodate the disclosure of a conflict of interest. In general, the declaration is made in a particular way, captured in writing and then the individual steps aside from the relevant decision-making process, or exercise of the public duty.

A register is maintained to record all disclosed conflicts of interest for Councillors and/or Administrators.

During 2020/21, there were no conflict of interests declared at four of the Council Meetings attended by the Administrators. There were seven conflict of interests declared by Councillors at Council Meetings from November 2021.

Councillor Code of Conduct

The *Councillor's Code of Conduct (C14)* (the Code) provides the foundation of core principles, values and behaviours Councillors are required to demonstrate, as they work together to achieve Council's vision for the Shire.

Between November 2021 and January 2022, the newly elected Councillors reviewed and updated the *Councillor's Code of Conduct (C14)*. The initial version was signed at their swearing-in ceremony on 16 November 2021.

All Councillors then signed the revised code following Council's adoption of it on 16 February 2022, in accordance with the *Local Government Act 2020*.

The Code is designed to:

- Assist Councillors to maintain the highest standards of conduct and behaviour, as well as provide a means to deal with problems they may encounter;
- Attract the highest level of confidence from Council's stakeholders; and
- Assist the Mayor and Councillors to discharge the responsibilities of their public office appropriately.

The *Councillor Code of Conduct Principles* outlines:

- Other conduct definitions under the Act, such as those relating to misuse of position, improper direction, breach of confidentiality and conflict of interest;
- Roles and relationships; and
- Dispute resolution procedures.

The *Councillor Code of Conduct Principles* outlines:

- Other conduct definitions under the Act, such as those relating to misuse of position, improper direction, breach of confidentiality and conflict of interest;
- Roles and relationships; and
- Dispute resolution procedures.

The Code contains revised values, principles and commitments that seek to support the new Council to be a successful team.

The Councillors are committed to demonstrating the values that underpin the 'living identity' and reputation of the Council:

- Community focused;
- Accountable;
- Respectful;
- Proactive; and
- Acting in the interests of the whole Shire.

The Principles of the Code require Councillors:

- To serve our community;
- To be accountable;
- To be respectful;
- To make informed decisions; and
- To commit to continuous improvement.

Councillor and Administrator Remuneration and Expenses

In accordance with s.39 of the *Local Government Act 2020*, Councillors and Administrators are entitled to receive an allowance while performing their duties. Throughout this financial year Council has covered the mandatory remuneration and reimbursement of expenses for the Administrator Chair and Administrators, and also covered the Mayor and Councillor allowances and reimbursements of expenses.

The appointment of Administrators by the Minister for Local Government set the remuneration for the Administrator Chair and Administrators, with the Administrator Chair receiving a higher remuneration.

In March 2022, Council received notice that the Victorian Independent Remuneration Tribunal (VIRT) had determined an increase in the allowances to be paid to Mayor and Councillors, with the introduction of a new allowance for Deputy Mayor's.

The *Councillor Support and Expenditure Policy* adopted by Council at the 20 November 2019 Council Meeting was reviewed and updated by Council and re-adopted on 16 March 2022. The policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Councillors to enable them to conduct their duties.

The following table contains a summary of the Administrators remuneration and Councillor expenses for 2020/21:

| Administrator Allowances | Allowance including Superannuation | Travel and Vehicle Expenses** | Conference, Training and Development *** | Other | Total |
|---------------------------------|---|--------------------------------------|---|--------------|------------------|
| | (\$) | (\$) | (\$) | (\$) | (\$) |
| Administrator Julie Eisenbise | \$72,909 | | | -\$72 *** | \$72,837 |
| Administrator Christian Zahara | \$36,455 | \$680 * | | \$62 | \$37,197 |
| Administrator Rick Brown | \$36,455 | \$735 | | \$158 | \$37,348 |
| Total | \$145,819 | \$1,415 | | \$148 | \$147,382 |

* Car operating costs are for the twelve months ended 30 June 2022 and includes depreciation, insurance and notional interest. This was for Administrator Christian Zahara.

** Travelling expenditure for Councillors using private vehicles is at the prescribed rate of reimbursement and only includes claims processed up to 30 June 2022.

*** Training and professional development includes accommodation, conference and parking expenses. Administrator Julie Eisenbise was refunded \$72.00.

| Councillor Allowances | Allowance including Superannuation | Travel and Vehicle Expenses** | Conference, Training and Development*** | Other | Total |
|------------------------------|---|--------------------------------------|--|----------------|------------------|
| | (\$) | (\$) | (\$) | (\$) | (\$) |
| Cr. Sarah Gilligan | \$18,966 | \$1,913 | \$2,136 | \$1,347 | \$24,362 |
| Cr. Scott Rae | \$18,966 | \$2,896 | | | \$21,862 |
| Cr. Mohya Davies | \$59,423 | \$6,012 | \$5,195 | \$1,824 | \$72,454 |
| Cr. Jenni Keerie | \$18,966 | | | \$168 | \$19,134 |
| Cr. Mick Felton | \$18,966 | | | | \$18,966 |
| Cr. Nathan Hersey | \$28,697 | \$2,255 | | \$722 | \$31,674 |
| Cr. John Schelling | \$18,670* | | | \$37 | \$18,707 |
| Cr. Clare Williams | \$18,966 | | \$861 | \$2,190 | \$22,017 |
| Cr. Adrian Darakai | \$18,966 | | | | \$18,966 |
| Total | \$220,586 | \$13,076 | \$8,192 | \$6,288 | \$248,142 |

* Cr Schelling allowance differentiation is related to a lump-sum super contribution paid earlier in the financial year.

** Travelling expenditure for Councillors using private vehicles is at the prescribed rate of reimbursement and only includes claims processed up to 30 June 2022.

*** Training and professional development includes accommodation, conference and parking expenses.

Expense Categories

Administrator Remuneration

The Administrators have received a remuneration, including the required superannuation allocation, for their services to the Shire. These mandatory remuneration levels were set by the Minister for Local Government.

Mayor, Deputy Mayor and Councillor Allowances

The Mayor, Deputy Mayor and Councillors receive an allowance, including the required superannuation contribution, to support them in their services to the Council. In March 2022, Council received notice that the Victorian Independent Remuneration Tribunal (VIRT) had determined an increase in the allowances to be paid to Mayor and Councillors, with the introduction of a new allowance for Deputy Mayor's.

Travel and Vehicle Expenses

Council's *Councillor Support and Expenditure Policy (C51)* adopted on 20 November 2019 and 16 March 2022, and *Councillor Vehicle Policy (CE04)* adopted on 3 November 2016, provide for the reimbursement of travel costs, depreciation, insurance and/or use of private vehicles while conducting Council business.

Administrators' and Councillors' use of private vehicles is at the prescribed Australian Tax Office rate of reimbursement. Reimbursements also include parking fees and public transport costs. Two of the Administrators monitored their private travel expenses and recognised that overall costs to Council would be reduced through the use of a Council car. Transitions between Council and personal car use has occurred throughout the year. These changes have been influenced by the changing travel requirements created by the COVID-19 pandemic restrictions. One Councillor has transitioned between personal car use and a Council supplied vehicle.

Conferences, Training and Professional Development, Accommodation, Meals and Subscriptions

This category covers costs associated with the individual development costs for the Mayor and Councillors to attend professional development courses and conferences. These costs include airfares parking, accommodation and meals where applicable, and subscription fees.

Other Expenses

Council provides access to materials, fax, photocopying, printing, and other resources to assist Councillors to fulfil these roles. These costs include various usage of these resources throughout the year.

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having a strong governance and management framework supports better decision making by Council.

The Act requires Council to undertake an assessment of its governance against the prescribed Governance and Management Checklist and include this in its Report of Operations in the Annual Report. The following items have been highlighted as important components of the management framework.

Audit and Risk Committee

The Audit and Risk Committee is an independent Advisory Committee of Council established under Sections 53 and 54 of the *Local Government Act 2020*. The *Audit and Risk Committee Charter* was adopted by Council at the 26 August 2020 Council Meeting.

The role of the Audit and Risk Committee is to oversee and monitor Council's effectiveness in carrying out its responsibilities for accountable financial management, corporate governance, maintaining an effective system of internal control and risk management, and fostering an ethical environment.

The Audit and Risk Committee consists of three independent members, who from the 14 September 2021 meeting were, Mr Chris Badger, Mr Homi Burjorjee and Ms Jennifer Johanson. Mr Chris Badger was appointed Chair of the Committee by Council at the 26 August 2020 Council Meeting. A twelve month extension was endorsed by Council at the 24 February 2021 Council Meeting and a further 12 months at the 16 February 2022 Council Meeting, up until February 2023.

The Audit and Risk Committee met four times in 2021/22 on 14 September 2021, 7 December 2021, 1 March 2022 and 14 June 2022.

The attendance at the 14 September 2021 meeting included Mr. Chris Badger (Chair), Mr Homi Burjorjee and Ms Jennifer Johanson and one Administrator member, Mr. Rick Brown. At the 7 December 2021, 1 March 2022 and 14 June 2022 meetings, the attendance included Mr. Chris Badger (Chair), Mr Homi Burjorjee, Ms Jennifer Johanson and one Councillor member, Councillor Sarah Gilligan.

Administrator Julie Eisenbise also attended the Audit and Risk Committee meeting 14 September 2021 as an observer and the Mayor, Councillor Mohya Davies attended the 7 December 2021, 1 March 2022 and 14 June 2022 meetings; maintaining an interest in the audit and risk functions of Council.

Independent members are appointed for a three-year term, with a maximum of two consecutive terms. The Chair is elected from amongst the independent members.

The Internal Auditor, Richmond Sinnott and Delahunty (RSD) Chartered Accountants and Chief Executive Officer (or Acting CEO) attended all Audit and Risk Committee meetings. Other management representatives attended as required to present reports.

External Audit

Council is externally audited by the Victorian Auditor-General Office (VAGO). For the 2021/22 financial year the annual external audit of Council's Financial Statements and Performance Statement was conducted by VAGO.

External auditors from VAGO attended the 14 September 2021, 7 December 2021, and 1 March 2022 meetings to present the audit plan and Independent Audit Report. The external audit management letter and responses are also provided to the Audit and Risk Committee.

Internal Audit

Council's internal audit function provides independent and objective assurance that the appropriate processes and controls are in place across Council. This function is outsourced to RSD Chartered Accountants, who were appointed on 1 July 2016 following a public tender, for an initial term of three years, which concluded on 30 June 2019.

Following consultation with the Audit and Risk Committee, the Council exercised the first and final three-year extension under the contract with RSD which concluded on 30 June 2022.

A risk based Internal Audit Program (IAP) is revised annually to ensure the audit resources remain focused on the appropriate areas. The review process considers Council's Risk Management Framework, the Council Plan, the impact of any change on operations, systems or the business environment, prior audit outcomes and management input. The IAP is reviewed and approved by the Audit and Risk Committee annually.

| Attendees | 2021/22 Meetings Attended |
|--|---------------------------|
| INDEPENDENT MEMBERS | |
| Mr Chris Badger | 4 of 4 meetings |
| Mr Homi Burjorjee | 4 of 4 meetings |
| Ms Jennifer Johnson | 4 of 4 meetings |
| COUNCIL MEMBERS | |
| Rick Brown (Administrator) <i>(Council term ended October 2021)</i> | 1 of 1 meeting |
| Councillor Sarah Gilligan <i>(Council term started November 2021)</i> | 3 of 3 meetings |
| AUDITORS | |
| Internal Auditor (RSD Chartered Accountants) | 4 of 4 meetings |
| External Auditors (Victorian Auditor-General Office) | 3 of 4 meetings |

The Internal Auditor attends each Audit and Risk Committee meeting to report on the status of the IAP, to provide an update on the implementation of audit recommendations and to present findings of completed reviews. The responsible Director for each area reviewed attends the Audit and Risk Committee meeting to respond to questions in relation to the review. All audit issues identified are risk rated. Recommendations are assigned to the responsible Manager and tracked in Council's Internal Audit Action Plan.

The IAP for 2021/22 was completed with the following reviews conducted:

- Community Satisfaction, Customer Service and Complaints Management; and
- Records Management.

Risk Management

In February 2021, Council adopted a Risk Management Framework and Risk Management Policy in line with best practice in the management of business enterprise risks and current International Risk Management Standard AS/NZ ISO 31000 guidelines.

During 2020/21 financial year, Council conducted a review of its *Risk Management Framework* and *Risk Management Policy* which were adopted at the 24 February 2021 Council Meeting.

The Risk Management Framework and Policy addresses items such as:

- Setting the strategic direction and policy in relation to risk management;
- Fostering and promoting a strong Risk Management Culture;
- Communication and training;
- Best practice in risk management;
- Responsibilities of and to internal and external stakeholders;
- Risk registers; and Business Continuity Plan review.

Council's risk management objectives are to:

- Ensure that we achieve our strategic objectives as set out in the Council Plan;
- Highlight which areas of Council's risk profile have the capacity to deliver the maximum benefit or maximum harm and to identify those areas which should receive priority action;
- Establish a reliable basis for decision making and ensure that risk is included as a fundamental component in the planning process;
- Ensure the effective allocation of resources;
- Determine how risk should be reported to Council, Auditors, Audit and Risk Committee;
- Foster an organisational culture which promotes proactive behaviour regarding the identification and treatment of risk;
- Identify and prepare for emerging risks, future events and change; and
- Improve stakeholder confidence and trust.

Further work on the Council's risk culture in line with the *Risk Management Framework* commenced through the year including workshops to inform and engage Directors, Managers and Senior Staff, in the further development of Strategic and Operational Risks in accordance with the Framework.

The following information is provided in accordance with legislative and other requirements applying to Council.

DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION

In accordance with regulation 12 of the *Local Government (General) Regulations 2015*, the following are prescribed documents that are available for public inspection or copies of the documents can be obtained for the purposes of Section 222 of the Act at 9 Smith Street, Leongatha, Victoria:

- A document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months.
- The agendas for, and minutes of scheduled and additional Council Meetings held in the previous twelve months which are kept under Section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under Section 89 of the Act and are confidential information within the meaning of Section 77(2) of the Act.
- The minutes of meetings of special committees established under Section 86 of the Act and held in the previous twelve months, other than those minutes relating to a part of a meeting which was closed to members of the public under Section 89 of the Act and are confidential information within the meaning of Section 77(2) of the Act.
- A register of delegations kept under Sections 87(1) and 98(4) of the Act, including the date on which the last review took place under Sections 86(6) and 98(6), respectively, of the Act.
- A document containing details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease.
- A register maintained under Section 224(1A) of the Act of authorised officers appointed under that section.
- A list of donations and grants made by the Council in the previous twelve months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.



Carers Recognition

In accordance with the *Carers Recognition Act 2012*, Council is required to report annually on its care measurement obligations under Section 11 of this Act.

Council has promoted the principles of the Act to people in care relationships who receive Council services and to the wider community by:

- Distributing printed material through relevant Council services;
- Providing information to organisations represented in Council/community networks.

Council has taken all practicable measures to ensure staff, Council agents and volunteers working for Council are informed about the principles and obligations of the Act by including information on the care relationship in:

- Council induction and training programs for staff working in Regional Assessment Service, Community Services and front-line positions with the general community; and
- Induction and training programs for volunteers working directly with the community.

Council has taken all practicable measures to review and modify policies, procedures and supports to include recognition of the carer relationship and has provided the following additional activities and resources to recognise the care relationship.

The Intake and Assessment Team continue to work with carers and recognise the significant role they play in supporting loved ones. With consent, carers are supported to link in with services and supports that may be helpful to assist them with the important role they do and to look after their own health and wellbeing.

Disability Action Plan

In accordance with Section 38 of the *Disability Act 2006*, Council is required to prepare a *Disability Action Plan*, and must report on its implementation in the Annual Report.

The *Disability Action Plan 2018-2021* was adopted at the 30 May 2018 Council Meeting. The *Disability Action Plan* outlines Council's approach to building a more inclusive community and to meet both Council's obligations and community aspirations in doing so.

A review of Council's *Disability Action Plan* will be undertaken in 2021/22 financial year.

Actions that have been completed or that are completed on an ongoing basis are outlined below:

- It's No Drama, an inclusive drama project was developed, implemented and supported during its formative years, and is now a successful standalone not-for-profit organisation;
- Council business has been made more accessible: an improved website, focus on communication access and Council Meetings available via live stream;
- Access auditing of Council's community assets, including buildings and reserves, and designated accessible parking, continues on a priority basis; and
- Implementation of the *South Gippsland Municipal Health and Wellbeing Plan*.

Domestic Animal Management Plan

In accordance with Section 68A of the *Domestic Animals Act 1994*, Council is required to prepare a Domestic Animal Management Plan (DAMP) at four-yearly intervals and evaluate its implementation in the Annual Report.

The *2017-2021 DAMP* was adopted at the 27 September 2017 Council Meeting and outlines the services, programs and policies established to address the administration of the Act and the management of dog and cat issues in the community.

The twelve month extension of the *2017-2021 DAMP* and the associated *2021/22 Action Plan* was adopted by Council at the 15 September 2021 Council Meeting.

Actions that have been completed or that are conducted on an ongoing basis are outlined below:

- 'Lifetime tags' for animal identification;
- Developed and enhanced an enforcement follow up process;
- The use of an 'infringement matrix' for issuing domestic animal infringement notices to ensure consistency;
- Animal information articles provided for the public on a quarterly basis and made available via press releases, Facebook and Council's website;
- Lost/found dogs and cats advertised on Council's website and social media outlets;
- Annual audits undertaken of premises where declared menacing, dangerous and restricted breed dogs are housed;

- Annual audits of properties housing excess domestic animals via Local Law permits;
- Animal registration database used to identify unregistered Domestic Animal Businesses;
- Press releases prepared and issued for successful dog attack prosecutions;
- Menacing, dangerous and restricted breed dog legislation actively enforced;
- Training register maintained for individual officers;
- Officers attend at least one training/networking session per year; and
- Officers provided with access to the Bureau of Animal Welfare extranet site.

A full review of the DAMP will take place in 2022/23 financial year which will develop the next four year *2022-2026 DAMP* for implementation.

Food Act Ministerial Directions

In accordance with Section 7E(6) of the *Food Act 1984*, if a Council, or the Chief Executive Officer of a Council, is given a direction under subsection (1), a copy of the direction must be published in the Annual Report under Section 131 of the Act. No such Ministerial Directions were received by Council during this financial year.

Freedom of Information

The *Freedom of Information Act 1982* (the FOI Act) gives the community a legally enforceable right to apply for access to documents held by Council. This access is limited only by the application of exceptions and exemptions provided for under the legislation.

A valid request for access to the documents must be obtained in writing, be accompanied by payment of the application fee and must provide enough information to enable the documents to be identified. Access charges may also apply once documents have been processed and a decision on access is made (e.g. photocopying and search and retrieval charges).

Council's Freedom of Information Officer assists the applicant in accordance with the provisions of the FOI Act and handles all requests for FOI access.

Further information regarding FOI can be found at www.foi.vic.gov.au and on Council's website.

FOI requests can be lodged online via Council's website or in writing and addressed to the:

Freedom of Information Officer
South Gippsland Shire Council
9 Smith Street (Private Bag 4)
Leongatha, Victoria 3953
www.southgippsland.vic.gov.au

There were 13 applications under the FOI Act in 2021/22. Access was granted (in full or in part) for five requests. One application was processed outside the FOI Act and two applications resulted with nil documents discovered. Three applications had not been finalised before the end of the financial year and will be completed in the next financial year. There were two applications carried through from the previous financial year.

| Freedom of Information Applications | 2021/22 | 2020/21 |
|--|----------------|----------------|
| Enquiries Only | 0 | 4 |
| Access Granted (in full or in part) | 5 | 7 |
| Nil Documents | 2 | 3 |
| Not Proceeded | 0 | 4 |
| Application Processed outside of the <i>FOI Act 1982</i> | 1 | 1 |
| Carried over from previous financial year | 2 | 0 |
| Incomplete at end of financial year | 3 | 1 |
| Total Applications | 13 | 16 |

National Competition Policy

Council has a *National Competition Policy* and to the best of its knowledge, Council, has not undertaken any anti-competitive behaviour and has complied with the requirements of Council's *National Competition Policy* during 2021/22.

Public Interest Disclosure

A council must include in their Annual Report information about how to access procedures established by the Council under Part 9 of this *Public Interest Disclosures Act 2012*. It provides the way for people to make a disclosure of improper conduct and detrimental action by Councillors and Council staff. It is required by Council to provide certain information about the number and types of protected disclosure complaints investigated during the financial year.

Council takes seriously its responsibilities to those persons who may make a disclosure about improper conduct. Council has established guidelines to ensure the confidentiality of the identity of the person making the disclosure, and their welfare, are protected, and has established a system for matters of improper conduct to be investigated.

During the 2021/22 financial year, there were no disclosures received by Council's Officers appointed to receive disclosures to which the Public Interest Disclosure Guidelines applied. As such there were no assessable disclosures referred to the Independent Broad-based Anti-corruption Commission (IBAC) for assessment.

Contracts

Prior to the adoption of the Council *Procurement Policy* on 21 July 2021, Council did not enter into contracts valued at \$150,000 (incl. GST) or more for goods and services or \$200,000 (incl. GST) or more for works or more of a kind specified in Section 186(5)(a) and (c) of the *Local Government Act 1989* without engaging in a competitive process as required by Section 186 of the Act.

22 July 2021 – June 2022

After the adoption of the Council *Procurement Policy* as required by Section 108 of the *Local Government Act 2020* on 21 July 2021, Council followed the *Procurement Policy* for Request for Tenders, Request for Quotes and Expression of Interests.

Unless an exclusion applied under the *Procurement Policy*, the formal competitive procurement processes was followed for any contracts over the amount of \$250,000 (ex GST) (Council's public tender threshold under the *Procurement Policy*) and the closed tender competitive process was followed for contracts under \$249,999 (ex GST) and above \$50,000 (ex GST).

Road Management Act Ministerial Directions

In accordance with Section 22 of the *Road Management Act 2004*, Council must publish a copy or summary of any Ministerial Direction in its Annual Report. No such Ministerial Directions were received by Council during this financial year.

Infrastructure and Development Contributions

In accordance with Section 46GM and 46QD of the *Planning and Environment Act 1987*, a Council that is a collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind. The report must be published in a Council's Annual Report.

There were no infrastructure and development contributions disclosed for this financial year for South Gippsland Shire Council.

The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist:

| Item No. | Government and Management Items | Assessment |
|----------|---|---|
| 1 | Community Engagement Policy (Policy under Section 55 of the Act outlining Council's commitment to engaging with the community on matters of public interest) | Adopted in accordance with Section 55 of the Act - <i>Communication and Engagement Policy</i> Date of adoption: 24 February 2021 |
| 2 | Community Engagement Guidelines (Guidelines to assist staff to determine when and how to engage with the community) | <i>Community Engagement Strategy 2020-2024</i> Date of adoption: 19 May 2021 As part of this process, Council's <i>Community Engagement Guidelines</i> were introduced to the organisation in May 2021. |
| 3 | Financial Plan (Plan under Section 91 of the Act outlining the financial and non-financial resources required for at least the next ten financial years) | Adopted in accordance with Section 91 of the Act. <i>Financial Plan 2022/23-2031/32</i> Date of adoption: 29 June 2022 |
| 4 | Asset Plan (Plan under Section 92 of the Act setting out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next ten years) | Adopted in accordance with Section 92 of the Act. <i>Asset Plan 2022/23-2031/32</i> Date of adoption: 29 June 2022 |
| 5 | Revenue and Rating Plan (Plan under Section 93 of the Act setting out the rating structure of Council to levy rates and charges) | Adopted in accordance with Section 93 of the Act. <i>Revenue and Rating Plan 2022-2026</i> Date of adoption: 29 June 2022 |
| 6 | Annual Budget (Plan under Section 94 of the Act setting out the services to be provided and initiatives to be undertaken during the budget year and the funding and other resources required) | Adopted in accordance with Section 94 of the Act. <i>Annual Budget 2022/23-2025/26</i> Date of adoption: 29 June 2022 |
| 7 | Risk Policy (Policy outlining Council's commitment and approach to minimising the risks to Council's operations) | <i>Risk Management Policy</i> Date of adoption: 24 February 2021 |

| Item No. | Government and Management Items | Assessment |
|----------|---|--|
| 8 | <p>Fraud Policy (Policy outlining Council's commitment and approach to minimising the risk of fraud)</p> | <p><i>Fraud and Corrupt Conduct Policy</i> Date of adoption: 19 May 2021</p> |
| 9 | <p>Municipal Emergency Management Plan (Plan under section 60ADB of the <i>Emergency Management Act 2013</i> for emergency mitigation, response and recovery)</p> | <p>From 1 December 2020, key emergency management responsibilities of councils stem primarily from Section 59 of the <i>Emergency Management Act 2013</i>, which require:</p> <p>That Council establish the <i>Municipal Emergency Management Planning Committee (MEMPC)</i> in accordance with the provision of Section 68 of the <i>Emergency Management Legislation Amendment Act 2018</i></p> <p>Established: 21 April 2021 Council Meeting</p> <p>That Council participate in the preparation and maintenance of the <i>Municipal Emergency Management Plan (MEMP)</i> through the MEMPC.</p> <p>Date of Approval: the South Gippsland MEMP was adopted by the South Gippsland MEMPC on 6 August 2021 and endorsed by the Committee on the 2 September 2021. MEMP's are required to be assured on a three-year basis and is due by August 2024.</p> |
| 10 | <p>Procurement Policy (Policy under section 108 of the Act outlining the principles, processes and procedures that will apply to all purchases of goods and services by the Council)</p> | <p><i>Procurement Policy</i> prepared and adopted in accordance with Sections 108 and 109 of the Act. Date of adoption: 21 July 2021</p> |
| 11 | <p>Business Continuity Plan (Plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)</p> | <p>The Business Continuity Plans - Part A and Part B including Council's <i>Business Continuity Management Policy</i> was endorsed by the Audit and Risk Committee. Date of endorsement: 8 June 2021</p> |
| 12 | <p>Disaster Recovery Plan (Plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)</p> | <p>Endorsed by the Strategic Risk Committee Date of adoption: February 2019 Review last updated in May 2020</p> |

| Item No. | Government and Management Items | Assessment |
|----------|---|---|
| 13 | Risk Management Framework (Framework outlining Council's approach to managing risks to the Council's operations) | <i>Risk Management Framework</i> Date of adoption: 24 February 2021 |
| 14 | Audit and Risk Committee (Advisory committee of Council under Section 53 and 54 of the Act) | The Audit and Risk Committee established in accordance with Section 53 of the Act. Date of establishment: 26 August 2020 <i>South Gippsland Shire Council Audit and Risk Committee Charter</i> was adopted by Council 26 August 2020 in accordance with Section 54 of the Act. |
| 15 | Internal Audit (Independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls) | Internal Auditor engaged Date of engagement of current provider: 1 July 2016 Council was on schedule to update the Internal Auditor on 1 July 2022 |
| 16 | Performance Reporting Framework (A set of indicators measuring financial and non-financial performance, including the performance indicators referred to in Section 98 of the Act) | Performance Reporting Framework is set out in the <i>Council Plan 2020-2024</i> and the <i>2021/22 Annual Budget</i> Date of adoption: 23 June 2021 A new <i>Council Plan 2022-2026</i> was adopted at the 29 June 2022 Council Meeting. |
| 17 | Council Plan Report (Report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year) | <i>Council Plan 2020-2024</i> Date of adoption: 23 June 2021 Council Plan and Annual Plan reporting is provided in the <i>Organisational Performance Reports</i> to Council conducted quarterly. Date of reports: <ul style="list-style-type: none"> • Full Year 2020/21 compiled for the Annual Report based on the <i>Council Plan 2020-2024</i> and <i>2020/21 Annual Initiatives</i> - adopted 20 October 2021 • 2021/22 First Quarter report adopted: Council Meeting - 24 November 2021 • 2021/22 Half Year report adopted: Council Meeting - 16 February 2022 • 2021/22 Three Quarter report adopted: Council Meeting - 18 May 2022 |

| Item No. | Government and Management Items | Assessment |
|----------|--|--|
| 18 | <p>Quarterly Budget Reports (Quarterly reports to Council under Section 97 of the Act, comparing actual and budgeted results and an explanation of any material variation)</p> | <p>Reports presented to Council in accordance with Section 97 of the Act.</p> <p><i>Financial Plan 2021/22-2030/31</i></p> <p>Date of adoption: 23 June 2021</p> <p>Financial reporting provided in Quarterly Performance Reports to Council.</p> <p>Date reports presented:</p> <ul style="list-style-type: none"> • 2021/22 First Quarter report adopted: Council Meeting - 24 November 2021 • 2021/22 Half Year report adopted: Council Meeting - 16 March 2022 • 2021/22 Three Quarter report adopted: Council Meeting - 18 May 2022 |
| 19 | <p>Risk Reporting (Six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p> | <p>Audit and Risk Committee review of the Strategic Risk Register was presented on 7 December 2022 as a part of the <i>Quarterly Risk Management Report</i>.</p> |
| 20 | <p>Performance Reporting (Six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in Section 98 of the Act)</p> | <p>The <i>Council Plan 2020-2024</i> and the <i>2021/22 Annual Initiatives</i> are reported quarterly in Council's <i>Organisational Performance Reports</i> as follow:</p> <p>2021/22 First Quarter report adopted:</p> <ul style="list-style-type: none"> • Council Meeting - 20 October 2021 • Audit and Risk Committee - 14 December 2021 <p>2021/22 Half Year report adopted:</p> <ul style="list-style-type: none"> • Council Meeting - 16 February 2022 • Audit and Risk Committee - 1 March 2022 <p>2021/22 Three Quarter report adopted:</p> <ul style="list-style-type: none"> • Council Meeting - 18 May 2022 • Audit and Risk Committee - 14 June 2022 <p>Separate quarterly reports on LGPRF performance indicators are also presented to the Audit and Risk Committee and is considered and reviewed by the Executive Leadership Team prior.</p> |
| 21 | <p>Annual Report (Annual report under Sections 98 and 99 of the Act containing a report of operations and audited financial and performance statements)</p> | <p>The Financial and Performance Statements were adopted at the 15 September 2021 Council Meeting, upon receipt of the Victorian Auditor-General's Office (VAGO) certificate these documents were combined into the full <i>2020/21 Annual Report</i> and submitted to the Minister for Local Government by 30 September 2021. The full <i>2020/21 Annual Report</i> was adopted at the 20 October 2021 Council Meeting.</p> |
| 22 | <p>Councillor Code of Conduct (Code under Section 139 of the Act setting out the standards of conduct to be followed by Councillors and other matters)</p> | <p>Adopted in accordance with Section 139 of the Act.</p> <p><i>Councillor Code of Conduct (C14)</i></p> <p>Date of adoption: 16 February 2022</p> |

Item No. Government and Management Items

Assessment

23

Delegations

(Documents setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff, in accordance with Sections 11 and 47 of the Act)

The delegations were reviewed in accordance with section 11(7) of the Act and a register kept in accordance with section 11(8) and 47(7) of the Act.

The delegations were signed by the CEO on:

- Council to CEO (S5) - 16 March 2022
- Council to Staff (S6) – 16 June 2021
- Sub-delegation by CEO to Staff (S7) – 15 June 2021
- Sub-delegation by CEO to Staff (S7A) - under *Local Government Act 1989* and *Local Government Act 2020* – 2 September 2020
- Sub-delegation by CEO to Staff (S7A) – Miscellaneous Delegations – 2 September 2020
- Municipal Building Surveyor to Staff (S12) – 26 May 2021
- CEO Powers, Duties and Functions to Staff (S13) – 15 June 2021
- Sub-delegation by CEO Powers, Duties and Functions to Staff (S13A) - 10 June 2020
- CEO to Staff (VICSmart Applications) under the *Planning and Environmental Act 1987* (S14) – 2 September 2020
- S16 - CEO to Staff (Bushfire Reconstruction Application under the *Planning and Environment Act 1987*) - 26 April 2021

24

Meeting procedures

(Governance Rules under Section 60 of the Act governing the conduct of meetings of Council and delegated committees)

Adopted in accordance with Section 60 of the Act.

Governance Rules (C82)

Date of adoption: 26 August 2020

I certify that this information presents fairly the status of Council's governance and management arrangements.



Kerryn Ellis

Chief Executive Officer

Date: 19 October 2022

Leongatha



Mohya Davies

Mayor

Date: 19 October 2022

Leongatha



Section Four - Performance Overview

Section Four - Performance Overview

- | | | |
|-----|---|-----|
| 4.1 | Performance Statement and Certification from Victorian Auditor General's Audit Report | 141 |
| 4.2 | Financial Statement and Certification from Victorian Auditor General's Audit Report | 156 |

Description of Municipality

South Gippsland Shire Council is located in coastal south eastern Victoria, approximately 100km south-east of Melbourne. It is made up of three wards; Tarwin Valley, Strzelecki and Coastal Promontory.

The original inhabitants of the South Gippsland area were the Bunurong and Gunaikurnai indigenous people. The Shire is bounded by Cardinia and Baw Baw Shires to the north, Latrobe City and Wellington Shire to the east, Bass Strait to the south, and Bass Coast Shire to the west. The Shire is a rural, residential and tourist area.

It encompasses 3,308 square kilometres, including extensive coastal areas and the spectacular Wilsons Promontory National Park. Much of the rural area is used for forestry and agriculture; with dairy, beef, sheep, and snow pea farming being the main agricultural pursuits. Fishing, viticulture and tourism are also important industries that contribute economic diversity to the region.

Other major attractions of the Shire include Port Welshpool Long Jetty, Cape Liptrap Coastal Park, Strzelecki Ranges, Coal Creek Community Park and Museum, the Great Southern Rail Trail, Grand Ridge Rail Trail, Nyora Speedway, Stony Creek Racecourse, Agnes Falls and specialist wineries, gin distilleries and breweries.

South Gippsland includes: Agnes, Allambee, Arawata, Baromi, Bena, Bennison, Berrys Creek, Binginwarri, Boolarong, Boolarra, Boorool, Buffalo, Darlimurla, Delburn, Dollar, Dumbalk, Fairbank, Fish Creek, Gunyah, Hallston, Hazel Park, Hedley, Jeetho, Jumbunna, Kardella, Kongwak, Koonwarra, Koorooman, Krowera, Loch, Mardan, Meeniyan, Middle Tarwin, Mount Best, Mount Eccles, Moyarra, Nerrena, Nyora, Outtrim, Poowong, Port Franklin, Port Welshpool, Pound Creek, Ranceby, Ruby, Sandy Point, Stony Creek, Strzelecki, Tarwin, Tarwin Lower, Thorpdale, Tidal River, Toora, Trida, Turtons Creek, Venus Bay, Walkerville North and South, Waratah Bay, Welshpool, Whitelaw, Wild Dog Valley, Wilsons Promontory, Wonga, Wonyip, Woorarra East and West, Wooreen and Yanakie.

Overview of 2021/22

South Gippsland Shire Council welcomed the return of nine elected Councillors in November 2021 following a period of Administration that began in June 2019. During the period of administration, Council made substantial progress towards restoring good governance practices and implementing the recommendations of the *Commission of Inquiry* and the *Local Government (South Gippsland Shire Council) Act 2019*.

The *Local Government (South Gippsland Shire Council) Act 2019* expired at the commencement of the 17 November 2021 Council Meeting when the Mayor and Deputy Mayor were elected. A comprehensive Councillor onboarding program was delivered to the newly elected Councillors which was designed to inform them on their role as Councillors and support their transition.

In line with the requirements of the *Local Government Act 2020*, the Councillor group also led the design and delivery of the *Shaping South Gippsland* community engagement campaign to develop a suite of integrated strategic plans. This campaign was the largest and most comprehensive community engagement program ever undertaken by South Gippsland Shire Council.

The feedback shared by the community through this process informed the development of the *Community Vision*, and the *Council Plan* which established the objectives and priority actions for the Council term. The *Council Plan* in turn informed development of the Council's *Long-Term Financial Plan*, *Revenue and Rating Plan* and the four-year Budget, which provide the resources required to deliver on Council's Plan. This program positioned Council and the community in a strong position for this Council term and into the future.

Some significant capital works projects were also completed in 2021/22 from a total capital works of \$27.6 million for the community. These projects included the Bair Street Leongatha Redevelopment, major refurbishment of the Mirboo North Outdoor Pool and the Foster Stadium. Work on the Korumburra Community Hub site has significantly progressed, and the Leongatha Early Learning Centre also successfully commenced its build. The Great Southern Rail Trail Extension Project was also completed, and the Leongatha to Korumburra section opened in March 2022.

Despite the continuing challenges of COVID-19 pandemic, Council has continued its strong track record of delivering capital works and services for the community. Significant shortages in resources and workforce, along with escalating construction and fuel costs within a rate capped environment, continue to present challenges to Council. Despite these unprecedented and challenging times, Council has continued to deliver its services and initiatives whilst maintaining a healthy financial position

Material Variation Comments

The following indicators include a material variation or comment, particularly those that are outside the normal range established by the State Government, or where a comment would be beneficial to assist the reader. Material variation comments are also included where a variance is + or – 10 per cent compared to the previous three years.

Sustainable Capacity Indicators for the year ended 30 June 2022

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|--|-----------------|-----------------|-----------------|-----------------|--|
| Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population] | \$2,223 | \$2,462 | \$2,127 | \$2,650 | There was a significant increase in costs in 2021/22 which related to natural disasters (total increase by \$4.5 million), as well as a one-off expense of \$1.7 million (non-cash) gift and transfer of the investment in West Gippsland Regional Library as required by changes in the <i>Local Government Act 2020</i> . It is important to note that Council is able to apply for grant relief for natural disasters which will offset these expenses. |
| <i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population] | \$15,855 | \$16,160 | \$16,664 | \$18,060 | The annual variation is primarily due to the size of the Capital Works Program which can vary according to the number and size of projects. |
| <i>Population density per length of road</i> [Municipal population / Kilometres of local roads] | 14 | 14 | 14 | 15 | No material variation |
| Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population] | \$1,671 | \$1,687 | \$1,673 | \$1,770 | No material variation |
| Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population] | \$469 | \$482 | \$456 | \$600 | The increase in operating grants is due to the increased advance payment of the <i>2022/23 Victorian Local Government Grants Commission (VLGGC)</i> allocation as compared to prior years and the receipt of natural disaster funding. |

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|--|--------------|--------------|--------------|--------------|--|
| Disadvantage <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile] | 5 | 5 | 5 | 5 | No material variation |
| Workforce turnover <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100 | 24.6% | 12.8% | 12.5% | 11.1% | Workforce turnover has decreased since the previous year, indicating an improvement in staff retention in 2021/22. The continued trend in decreasing levels of staff turnover is a great result for South Gippsland Shire Council. |

"Adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"Infrastructure" means non-current property, plant and equipment excluding land

"Local road" means a sealed or unsealed road for which the Council is the responsible road authority under the *Road Management Act 2004*

"Population" means the resident population estimated by Council

"Own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants)

"Relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"Unrestricted cash" means all cash and cash equivalents other than restricted cash.

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|---|--------------|--------------|--------------|--------------|--|
| Aquatic Facilities | | | | | |
| Utilisation | | | | | |
| <i>Utilisation of aquatic facilities</i> | | | | | |
| [Number of visits to aquatic facilities / Municipal population] | 5 | 4 | 2 | 4 | Visitation to all aquatic facilities in the Shire has increased by 47 per cent from 74,862 to 110,086 visits compared to 2020/21, following the lifting of Victorian Government COVID-19 pandemic restrictions. Mirboo North pool also contributed to increased visitation numbers after re-opening to the public following a major refurbishment. |
| Animal management | | | | | |
| Health and safety | | | | | |
| <i>Animal management prosecutions</i> | | | | | |
| [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100 | New in 2020 | 100% | 100% | 100% | There were six successful management prosecutions in 2021/22 compared to 11 prosecutions in the previous year. This result maintains levels at 100 per cent. <i>Note: indicator is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion, refer to retired measures.</i> |
| Food Safety | | | | | |
| Health and safety | | | | | |
| <i>Critical and major non-compliance notifications</i> | | | | | |
| [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100 | 100% | 100% | 100% | 100% | There were 11 critical and major non-compliance notifications received in 2021 for food premises, which were all followed up. |
| Governance | | | | | |
| Satisfaction | | | | | |
| <i>Satisfaction with Council decisions</i> | | | | | |
| [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community] | 35 | 37 | 46 | 48 | Community satisfaction with Council decisions making has increased significantly since 2020. This result compares to large rural council's average of 51. An increase on the 2021 result also demonstrates an improvement in community satisfaction with the newly elected Council in November 2021. |

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|--|--------------|--------------|--------------|--------------|--|
| Libraries Participation <i>Active library borrowers in municipality</i> [Number of active library borrowers in the last three years / the sum of the municipal population for the last three years] x 100 | 16% | 16% | 15% | 14% | The municipal population is growing faster than the number of active library members using the service and therefore, there has been a slight decrease in the percent of residents who are active library borrowers. However, there has been a six per cent increase from 4,044 active library borrowers in 2020/21 to 4,267 in 2021/22, demonstrating users of libraries is increasing post COVID-19 restrictions. |
| Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100 | 75% | 76% | 76% | 72% | Reasons for non-attendance could be a result of deciding not to utilise the service or deciding to attend a different Maternal and Child Health Service in another council. |
| Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100 | 63% | 83% | 70% | 73% | The service has seen an increase from 16 to 20 Aboriginal children attending the MCH service at least once in this financial year. |
| Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads] | 48 | 47 | 43 | 42 | The Community Satisfaction Survey demonstrated that residents main concern was the condition of the sealed road network. Preliminary condition data has indicated that the sealed network has decreased in condition but is still within service levels. The poor condition of arterial roads in the Shire and the extent of roads adversely impacted by recent storm events, may also be contributing to lower community satisfaction. Improvements have been made this year using SAM (Strain Alleviating Membrane) seals to further improve road conditions within the Shire. |

| Service | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|---|--------------|--------------|--------------|--------------|---|
| Statutory Planning | | | | | |
| Decision making | | | | | |
| <i>Council planning decisions upheld at VCAT</i> | 80% | 71% | 50% | 75% | Three of the four Planning Permits that were appealed to VCAT had decisions that were upheld (supported). |
| [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100 | | | | | |
| Waste Collection | | | | | |
| Waste diversion | | | | | |
| <i>Kerbside collection waste diverted from landfill</i> | 52% | 53% | 52% | 52% | The result is consistent year-on-year with waste diverted from landfill by providing services that suit the needs of the Shire. Planned future service changes in waste management and in partnership with other councils will also aim to increase diversion rates in the near future. |
| [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100 | | | | | |
| Definitions | | | | | |
| "Aboriginal child" means a child who is an Aboriginal person | | | | | "Local road" means a sealed or unsealed road for which the Council is the responsible road authority under the <i>Road Management Act 2004</i> |
| "Aboriginal person" has the same meaning as in the <i>Aboriginal Heritage Act 2006</i> | | | | | "Major non-compliance outcome notification" means a notification received by a Council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to Council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken |
| "Active library borrower" means a member of a library who has borrowed a book from the library | | | | | "MCH" means the Maternal and Child Health Service provided by a Council to support the health and development of children within the municipality from birth until school age |
| "Annual report" means an annual report prepared by a Council under section 98 of the Act | | | | | "Population" means the resident population estimated by Council |
| "Class 1 food premises" means food premises, within the meaning of the <i>Food Act 1984</i> , that have been declared as class 1 food premises under section 19C of that Act | | | | | |
| "Class 2 food premises" means food premises, within the meaning of the <i>Food Act 1984</i> , that have been declared as class 2 food premises under section 19C of that Act | | | | | |
| "Critical non-compliance outcome notification" means a notification received by Council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to Council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health | | | | | |
| "Food premises" has the same meaning as in the <i>Food Act 1984</i> | | | | | |

| Dimension/indicator/ measure | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Forecast 2023 | Forecast 2024 | Forecast 2025 | Forecast 2026 | Material Variation |
|---|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|--|
| Efficiency Expenditure Level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments] | \$3,288 | \$3,682 | \$3,217 | \$4,036 | \$3,426 | \$3,197 | \$3,291 | \$3,330 | Significant increase in costs in 2021/22 which related to natural disasters (total increase by \$4.5 million), as well as a one-off expense of \$1.7 million gift and transfer of the investment in West Gippsland Regional Library. |
| Revenue level <i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments] | New in 2020 | \$2,014 | \$2,086 | \$2,125 | \$2,178 | \$2,150 | \$2,232 | \$2,313 | No material variation <i>Note: indicator is new and was previously titled 'Average residential rate per residential property assessment'.</i> |
| Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x 100 | 298.31% | 345.98% | 298.39% | 263.15% | 183.94% | 145.65% | 124.72% | 138.33% | The variation in this measure primarily relates to the cash balance at year end. Forecast future years are lower to actual as it is assumed that the capital works program is fully delivered in those years. |
| Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x 100 | -57.22% | -101.22% | -28.41% | -99.31% | 65.72% | 48.63% | 32.66% | 45.87% | The variation in this measure is due to cash restricted at year end for capital works carried forward. Forecast years assume that all capital works budgeted are completed in those years. |

| Dimension/indicator/ measure | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Forecast 2023 | Forecast 2024 | Forecast 2025 | Forecast 2026 | Material Variation |
|--|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|--|
| Obligations Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x 100 | 7.89% | 1.85% | 7.50% | 10.56% | 12.50% | 12.57% | 19.81% | 16.76% | The increase in 2021/22 relates to the drawdown of loan proceeds for the Korumburra Community Hub. This loan is through Treasury Corporation Victoria with heavily discounted interest rates. The increase in 2025 reflects the anticipated loan funding required to upgrade other assets as per the <i>Long Term Financial Plan</i> . |
| <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / rate revenue] x 100 | 0.33% | 7.79% | 0.54% | 0.82% | 2.31% | 1.56% | 2.15% | 2.59% | The increase in 2021/22 relates to the drawdown of loan proceeds for the Korumburra Community Hub. This loan is through Treasury Corporation Victoria with heavily discounted interest rates. The increase in 2025 reflects the anticipated loan funding required to upgrade other assets as per the <i>Long Term Financial Plan</i> . |
| Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x 100 | 7.42% | 10.26% | 15.20% | 20.11% | 20.40% | 21.03% | 26.09% | 22.94% | The increase in 2021/22 relates to the drawdown of loan funds for the construction of the Korumburra Community Hub coupled with an increase in landfill provision costs as a result of change in index and discount rates. |

| Dimension/indicator/ measure | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Forecast 2023 | Forecast 2024 | Forecast 2025 | Forecast 2026 | Material Variation |
|---|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|--|
| <p>Asset renewal and upgrade</p> <p><i>Asset renewal and upgrade compared to depreciation</i></p> <p>[Asset renewal and asset upgrade expense / Asset depreciation] x 100</p> | New in 2020 | 124.15% | 230.08% | 217.83% | 223.91% | 283.70% | 213.78% | 138.33% | <p>Although the variation is not material, the year-on-year differences relate to the schedule of annual asset renewal which can vary depending on projects completed.</p> <p><i>Note: indicator is new and was previously titled 'Asset renewal compared to depreciation'.</i></p> |
| <p>Operating position</p> <p>Adjusted underlying result</p> <p><i>Adjusted underlying surplus (or deficit)</i></p> <p>[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100</p> | 1.35% | -7.49% | 5.42% | -1.60% | -11.29% | 5.82% | 6.39% | 8.11% | <p>Due to significant natural disaster expenses not yet covered by grant funding, as well as a \$1.7 million one-off expense for the gift and transfer of the investment in the West Gippsland Regional Library.</p> |
| <p>Stability</p> <p>Rates concentration</p> <p><i>Rates compared to adjusted underlying revenue</i></p> <p>[Rate revenue / Adjusted underlying revenue] x 100</p> | 63.71% | 64.08% | 66.63% | 58.85% | 78.15% | 69.87% | 69.95% | 70.28% | <p>The annual variation in this measure is primarily driven by the amount of operating grants received in that year. The greater the operating grants, the less reliance on rates revenue to fund council expenditure. The amount of the prepayment of the Victoria Grants Commission allocation coupled with funding received for natural disasters are particularly driving the variations in 2021/22 and 2022/23.</p> |
| <p>Rates effort</p> <p><i>Rates compared to property values</i></p> <p>[Rate revenue / Capital improved value of rateable properties in the municipality] x 100</p> | 0.52% | 0.49% | 0.47% | 0.45% | 0.33% | 0.33% | 0.32% | 0.32% | <p>Although the variation is not material, the decrease in future years is primarily due to a conservative prediction of future rate cap rises as compared to property valuations.</p> |

| Retired Measures Service/Indicator/Measure | Results 2019 | Results 2020 | Results 2021 | Results 2022 | Material Variation |
|--|-----------------|-----------------|-----------------|-----------------|---|
| Animal management | | | | | <i>Note: indicator is discontinued from 1 July 2019 and has been replaced by 'AM7 - Animal management prosecutions' which is now a measure of proportion, not number.</i> |
| Health and safety | | | | | |
| <i>Animal management prosecutions</i> [Number of successful animal management prosecutions] | 9 | Retired in 2020 | Retired in 2020 | Retired in 2020 | |
| Efficiency | | | | | <i>Note: indicator is discontinued from 1 July 2019 and has been replaced by 'E4 - Average rate per property assessment'.</i> |
| Revenue level | | | | | |
| <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments] | \$1,834 | Retired in 2020 | Retired in 2020 | Retired in 2020 | |
| Obligations | | | | | <i>Note: indicator is discontinued from 1 July 2019 and has been replaced by '05 - Asset renewal and upgrade compared to depreciation'.</i> |
| Asset renewal | | | | | |
| <i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x 100 | 81.02% | Retired in 2020 | Retired in 2020 | Retired in 2020 | |
| Definitions | | | | | |
| "Adjusted underlying revenue" means total income other than: | | | | | |
| (a) non-recurrent grants used to fund capital expenditure; and | | | | | "Non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a Council's Strategic Resource Plan |
| (b) non-monetary asset contributions; and | | | | | "Own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants) |
| (c) contributions to fund capital expenditure from sources other than those referred to above | | | | | "Population" means the resident population estimated by Council |
| "Adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure | | | | | "Rate revenue" means revenue from general rates, municipal charges, service rates and service charges |
| "Asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability | | | | | "Recurrent grant" means a grant other than a non-recurrent grant |
| "Current assets" has the same meaning as in the AAS | | | | | "Residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties |
| "Current liabilities" has the same meaning as in the AAS | | | | | "Restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year |
| "Non-current assets" means all assets other than current assets | | | | | "Unrestricted cash" means all cash and cash equivalents other than restricted cash. |
| "Non-current liabilities" means all liabilities other than current liabilities | | | | | |

Other Information for the year ended 30 June 2022

1. Basis of preparation

Council is required to prepare and include a Performance Statement within its Annual Report. The Performance Statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

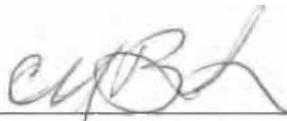
Where applicable the results in the Performance Statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g. Australian Bureau of Statistics).

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's *Strategic Resource Plan*. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the Performance Statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the Performance Statement are those adopted by Council in its *Financial Plan* on 23 June 2021 and which forms part of the *Council Plan*. The *Financial Plan* includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long-term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The *Financial Plan* can be obtained by contacting Council or available on Council's website.

Certification of the Performance Statement for the year ended 30 June 2022

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.



Melissa Baker, CPA
Principal Accounting Officer
Date: 19 October 2022

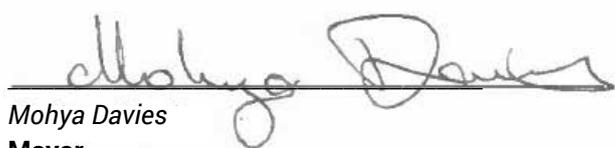
Leongatha

In our opinion, the accompanying Performance Statement of the South Gippsland Shire Council for the year ended 30 June 2022 presents fairly the results of Council's performance in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

The Performance Statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

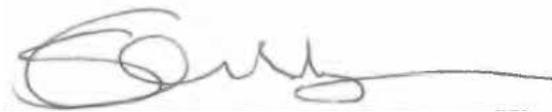
At the date of signing, we are not aware of any circumstances that would render any particulars in the Performance Statement to be misleading or inaccurate.

We have been authorised by the Council and the *Local Government (Planning and Reporting) Regulations 2020* to certify this Performance Statement in its final form.



Mohya Davies
Mayor
Date: 19 October 2022

Leongatha



Sarah Gilligan
Councillor (Audit and Risk Committee Member)
Date: 19 October 2022

Leongatha



Kerryn Ellis
Chief Executive Officer
Date: 19 October 2022

Leongatha

Independent Auditor's Report

To the Councillors of South Gippsland Shire Council

| | |
|--|---|
| Opinion | <p>I have audited the accompanying performance statement of South Gippsland Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of the municipality for the year ended 30 June 2022 • sustainable capacity indicators for the year ended 30 June 2022 • service performance indicators for the year ended 30 June 2022 • financial performance indicators for the year ended 30 June 2022 • other information and • certification of the performance statement. <p>In my opinion, the performance statement of South Gippsland Shire Council in respect of the year ended 30 June 2022 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 4 of the <i>Local Government Act 2020 and Local Government (Planning and Reporting) Regulations 2020</i>.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Councillors' responsibilities for the performance statement | <p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of a performance statement that is free from material misstatement, whether due to fraud or error.</p> |

Auditor's responsibilities for the audit of the performance statement

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement. As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
27 October 2022



Travis Derricott
as delegate for the Auditor-General of Victoria

SOUTH GIPPSLAND SHIRE COUNCIL

Financial Statement 2021/22



South Gippsland
Shire Council

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Certification of Financial Statements for the Year Ended 30 June 2022

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the Australian Accounting Standards and other mandatory professional reporting requirements.



Melissa Baker, CPA
Principal Accounting Officer

Date: 19 October 2022

Leongatha

In our opinion, the accompanying financial statements present fairly the financial transactions of South Gippsland Shire Council for the year ended 30 June 2022 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the financial statements in their final form.



Mohya Davies
Mayor

Date: 19 October 2022

Leongatha



Sarah Gilligan
Councillor (Audit and Risk Committee Member)

Date: 19 October 2022

Leongatha



Kerryn Ellis
Chief Executive Officer

Date: 19 October 2022

Leongatha

Independent Auditor's Report

To the Councillors of South Gippsland Shire Council

| | |
|---|--|
| Opinion | <p>I have audited the financial report of South Gippsland Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2022• comprehensive income statement for the year then ended• statement of changes in equity for the year then ended• statement of cash flows for the year then ended• statement of capital works for the year then ended• notes to the financial statements, including significant accounting policies• certification of financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the <i>Local Government Act 2020</i>, the <i>Local Government (Planning and Reporting) Regulations 2020</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Councillors' responsibilities for the financial report | <p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
27 October 2022



Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement for the Year Ended 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|--|------|----------------|----------------|
| Income | | | |
| Rates and charges | 3.1 | 46,750 | 45,338 |
| Statutory fees and fines | 3.2 | 1,042 | 1,087 |
| User fees | 3.3 | 4,294 | 3,813 |
| Grants - operating | 3.4 | 22,547 | 14,408 |
| Grants - capital | 3.4 | 10,328 | 10,341 |
| Contributions - monetary | 3.5a | 844 | 1,416 |
| Contributions - non monetary | 3.5a | 1,629 | 3,176 |
| Found assets | 3.5b | 410 | 422 |
| Net gain (or loss) on disposal of property, infrastructure, plant and equipment | 3.6 | 212 | (1,164) |
| Fair value adjustments for investment property | 6.3 | 112 | (5) |
| Share of net profits (or loss) of associates and joint ventures | 6.2 | 69 | 132 |
| Other income | 3.7 | 1,418 | 1,401 |
| Total income | | 89,655 | 80,365 |
| Expenses | | | |
| Employee costs | 4.1 | 28,662 | 27,876 |
| Materials and services | 4.2 | 31,578 | 20,930 |
| Depreciation | 4.3 | 11,705 | 11,915 |
| Amortisation - intangible assets | 4.4 | 364 | 240 |
| Amortisation - right of use assets | 4.5 | 93 | 93 |
| Bad and doubtful debts | 4.6 | 17 | (4) |
| Borrowing costs | 4.7 | 20 | 9 |
| Finance costs - leases | 4.8 | 1 | 6 |
| Other expenses | 4.9 | 8,271 | 3,279 |
| Total expenses | | 80,711 | 64,344 |
| Surplus/(deficit) for the year | | 8,944 | 16,021 |
| Other comprehensive income | | | |
| Items that will not be reclassified to surplus or deficit in future periods | | | |
| Net asset revaluation increment/(decrement) | 6.1 | 59,770 | 14,016 |
| Share of other comprehensive income of associates and joint ventures | 6.2 | (282) | 18 |
| Total other comprehensive income | | 59,488 | 14,034 |
| Total comprehensive result | | 68,432 | 30,055 |

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

Balance Sheet

for the Year Ended 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|---|------|----------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5.1a | 7,847 | 10,567 |
| Trade and other receivables | 5.1c | 6,908 | 5,885 |
| Other financial assets | 5.1b | 37,270 | 32,279 |
| Inventories | 5.2a | 176 | 210 |
| Other assets | 5.2b | 348 | 240 |
| Total current assets | | 52,549 | 49,181 |
| Non-current assets | | | |
| Non-current assets held for sale | 6.2 | - | 1,691 |
| Property, infrastructure, plant and equipment | 6.1 | 660,574 | 587,373 |
| Right-of-use assets | 5.8 | 454 | 86 |
| Investment property | 6.3 | 727 | 615 |
| Intangible assets | 5.2c | - | 294 |
| Total non-current assets | | 661,755 | 590,059 |
| Total assets | | 714,304 | 639,240 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 5.3a | 6,120 | 2,944 |
| Trust funds and deposits | 5.3b | 1,552 | 1,527 |
| Unearned income/revenue | 5.3c | 4,922 | 4,951 |
| Provisions | 5.5 | 6,772 | 6,617 |
| Interest-bearing liabilities | 5.4 | 514 | 349 |
| Lease liabilities | 5.8 | 89 | 94 |
| Total current liabilities | | 19,969 | 16,482 |
| Non-current liabilities | | | |
| Provisions | 5.5 | 6,053 | 4,645 |
| Interest-bearing liabilities | 5.4 | 4,422 | 3,049 |
| Lease liabilities | 5.8 | 364 | - |
| Total non-current liabilities | | 10,839 | 7,694 |
| Total liabilities | | 30,808 | 24,176 |
| Net assets | | 683,496 | 615,064 |
| Equity | | | |
| Accumulated surplus | | 251,744 | 243,339 |
| Reserves | 9.1 | 431,752 | 371,725 |
| Total Equity | | 683,496 | 615,064 |

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the Year Ended 30 June 2022

| | Note | 2022 | | | |
|---|------|-----------------|----------------------------------|----------------------------------|-----------------------------|
| | | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
| Balance at beginning of the financial year | | 615,064 | 243,339 | 371,182 | 543 |
| Surplus/(deficit) for the year | | 8,944 | 8,944 | - | - |
| Net asset revaluation increment/(decrement) | 6.1 | 59,488 | - | 59,488 | - |
| Transfers to other reserves | 9.1 | - | (1,769) | - | 1,769 |
| Transfers from other reserves | 9.1 | - | 1,230 | - | (1,230) |
| Balance at end of the financial year | | 683,496 | 251,744 | 430,670 | 1,082 |

| | Note | 2021 | | | |
|---|------|-----------------|----------------------------------|----------------------------------|-----------------------------|
| | | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
| Balance at beginning of the financial year | | 585,009 | 227,587 | 357,148 | 274 |
| Surplus/(deficit) for the year | | 16,021 | 16,021 | - | - |
| Net asset revaluation increment/(decrement) | 6.1 | 14,034 | - | 14,034 | - |
| Transfers to other reserves | 9.1 | - | (1,161) | - | 1,161 |
| Transfers from other reserves | 9.1 | - | 892 | - | (892) |
| Balance at end of the financial year | | 615,064 | 243,339 | 371,182 | 543 |

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

Statement of Cash Flow for the Year Ended 30 June 2022

| | | 2022 | 2021 |
|---|------|------------------------|------------------------|
| | | Inflows/ (Outflows) | Inflows/ (Outflows) |
| | Note | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Rates and charges | | 47,289 | 45,545 |
| Statutory fees and fines | | 1,042 | 1,087 |
| User fees | | 3,523 | 3,812 |
| Grants - operating | | 23,529 | 14,212 |
| Grants - capital | | 9,041 | 12,903 |
| Contributions - monetary | | 844 | 1,416 |
| Interest received | | 143 | 414 |
| Trust funds and deposits taken | | 199 | 425 |
| Other receipts | | 1,220 | 574 |
| Net GST refund/payment | | 4,229 | 3,909 |
| Employee costs | | (28,899) | (26,905) |
| Materials and services | | (31,452) | (23,624) |
| Trust funds and deposits repaid | | (174) | (276) |
| Other payments | | (2,911) | (4,192) |
| Net cash provided by/(used in) operating activities | 9.2 | 27,623 | 29,300 |
| Cash flows from investing activities | | | |
| Payments for property, infrastructure, plant and equipment | 6.1 | (27,616) | (28,673) |
| Proceeds from sale of property, infrastructure, plant and equipment | | 849 | 980 |
| Payments for investments | | (4,991) | (1,279) |
| Net cash provided by/(used in) investing activities | | (31,758) | (28,972) |
| Cash flows from financing activities | | | |
| Finance costs | | (20) | (44) |
| Proceeds from borrowings | | 1,900 | 2,788 |
| Repayment of borrowings | | (362) | (202) |
| Interest paid - lease liability | | (1) | (6) |
| Repayment of lease liabilities | | (102) | (89) |
| Net cash provided by/(used in) financing activities | | 1,415 | 2,447 |
| Net increase (decrease) in cash and cash equivalents | | (2,720) | 2,775 |
| Cash and cash equivalents at the beginning of the financial year | | 10,567 | 7,792 |
| Cash and cash equivalents at the end of the financial year | | 7,847 | 10,567 |
| Financing arrangements | 5.6 | | |
| Restrictions on cash assets | 5.1 | | |

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Capital Works for the Year Ended 30 June 2022

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| Property | | |
| Buildings | 8,906 | 1,286 |
| Heritage buildings | 180 | - |
| Total buildings | 9,086 | 1,286 |
| Total property | 9,086 | 1,286 |
| Plant and equipment | | |
| Plant, machinery and equipment | 1,652 | 2,884 |
| Computers and telecommunications | 728 | 948 |
| Total plant and equipment | 2,380 | 3,832 |
| Infrastructure | | |
| Roads | 9,950 | 10,225 |
| Bridges | (8) | 522 |
| Major culverts | 637 | 503 |
| Footpaths and cycleways | 2,364 | 2,283 |
| Drainage | 65 | 36 |
| Car parks | 614 | 2 |
| Land stabilisation | 11 | 41 |
| Waste management | 328 | 20 |
| Other infrastructure | 2,189 | 9,923 |
| Total infrastructure | 16,150 | 23,555 |
| Total capital works expenditure | 27,616 | 28,673 |
| Represented by: | | |
| Asset renewal expenditure | 24,617 | 25,939 |
| Asset expansion expenditure | 2,119 | 1,259 |
| Asset upgrade expenditure | 880 | 1,475 |
| Total capital works expenditure | 27,616 | 28,673 |

The above statement of capital works should be read in conjunction with the accompanying notes.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 1 Overview

Introduction

The South Gippsland Shire Council was established by an Order of the Governor in Council on 2 December 1994 and is a body corporate. The Council's main office is located at 9 Smith Street, Leongatha.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.

Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not AASB 1059 Service Concession Arrangements: Grantors is applicable
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

(b) Impact of Covid-19

During 2021-22 the COVID-19 pandemic continued to impact on Council's operations. Council has noted the following significant impacts on its financial operations:

- Additional revenue – Working for Victoria initiative began in 2020-21 was part of the Victorian Government's \$1.7 billion Economic Survival Package. The Working for Victoria Fund was designed to connect workers with new opportunities that helped our community and contributed to Victoria's ability to respond to the pandemic. Council received \$485K (2020-21 - \$1.3M) in funding which provided for the employment of 43 full time equivalent staff during the year.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 5 percent and \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

2.1.1 Income and expenditure

| | Budget 2022 \$'000 | Actual 2022 \$'000 | Variance \$'000 | Variance % | Ref |
|--|--------------------------|--------------------------|--------------------|---------------|-----|
| Income | | | | | |
| Rates and charges | 46,777 | 46,750 | (27) | 0% | |
| Statutory fees and fines | 1,006 | 1,042 | 36 | 4% | |
| User fees | 4,955 | 4,294 | (661) | -13% | 1 |
| Grants - operating | 6,947 | 22,547 | 15,600 | 225% | 2 |
| Grants - capital | 10,883 | 10,328 | (555) | -5% | 3 |
| Contributions - monetary | 535 | 844 | 309 | 58% | 4 |
| Contributions - non monetary | 413 | 1,629 | 1,216 | 294% | 5 |
| Found assets | - | 410 | 410 | 100% | 6 |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | 177 | 212 | 35 | 20% | |
| Fair value adjustments for investment property | - | 112 | 112 | 100% | 7 |
| Other income | 1,694 | 1,418 | (276) | -16% | 8 |
| Total income | 73,387 | 89,655 | 16,268 | 22% | |
| Expenses | | | | | |
| Employee costs | 28,317 | 28,662 | (345) | -1% | |
| Materials and services | 23,441 | 31,578 | (8,137) | -35% | 9 |
| Depreciation | 14,276 | 11,705 | 2,571 | 18% | 10 |
| Amortisation - intangible assets | 240 | 364 | (124) | -52% | 11 |
| Amortisation - right of use assets | 83 | 93 | (10) | -12% | |
| Bad and doubtful debts | - | 17 | (17) | 100% | |
| Borrowing costs | 71 | 20 | 51 | 72% | |
| Finance costs - leases | - | 1 | (1) | 100% | |
| Other expenses | 3,090 | 8,271 | (5,181) | -168% | 12 |
| Total expenses | 69,518 | 80,711 | (11,193) | -16% | |
| Surplus/(deficit) for the year | 3,869 | 8,944 | 5,075 | 131% | |

(i) Explanation of material variations

| | | |
|---|------------------------------|--|
| 1 | User fees | Decrease in user fees due to fees received at the landfills being lower than anticipated (\$592K) due to lower volumes of waste. |
| 2 | Grants - operating | 75% of Victorian Grants Commission allocation (\$9M) relating to 2022-23 was received in advance. The budget was for 50% of the 2021-22 allocation as 50% had been received in advance in 2020-21. In addition payments were received for numerous storm (\$4.4M) and other (\$2.9M) grants that were not originally budgeted for. |
| 3 | Grants - capital | Grants originally budgeted for but not received include the August 2019 Flood event (\$3.4M) and Great Southern Rail Trail (\$1.5M) carried forward to 2022-23. This was offset by a number of grants received but not budgeted for. |
| 4 | Contributions - monetary | Due to open space contributions being significantly above the original budget due to an increase in subdivision applications. |
| 5 | Contributions - non monetary | Due to a higher value of assets contributed from completed developments than originally budgeted for. |
| 6 | Found assets | Found assets are not budgeted for due to the nature of the transactions, as the assets were previously unknown. |

Notes to the Financial Report for the Year Ended 30 June 2022

| | | |
|----|--|--|
| 7 | Fair value adjustments for investment property | Fair value adjustments for investment property are not budgeted for. |
| 8 | Other income | Due to lower interest income than originally budgeted due to historically low interest rates through-out 2021-22. |
| 9 | Materials and services | Largely due to natural disaster expenses (\$5.3M) that are not budgeted due to their nature. In addition, the landfill provision increment was an increase of \$1.7M due to significant changes in inflation and discount rates, which is not included in the original budget. |
| 10 | Depreciation | Lower depreciation due to a detailed review of the calculation of buildings depreciation which is significantly lower than previous years (\$1.2M), as well as the original budget taking into account capital additions that were not completed in 2021-22. |
| 11 | Amortisation - intangible assets | Higher amortisation due to intangible asset additions in 2021-22. |
| 12 | Other expenses | Higher other expenses is due to the gift and transfer of interest in West Gippsland Regional Library Corporation to MyLi of \$1.4M (see Note 6.2) and disposal/write-off of infrastructure assets of \$3.8M. |

Notes to the Financial Report for the Year Ended 30 June 2022

2.1.2 Capital Works

| | Budget 2022 \$'000 | Actual 2022 \$'000 | Variance \$'000 | Variance % | Ref |
|--|--------------------------|--------------------------|--------------------|---------------|-----|
| Property | | | | | |
| Buildings | 15,068 | 8,906 | 6,162 | 41% | 1 |
| Heritage buildings | 275 | 180 | 95 | 35% | |
| Total buildings | 15,343 | 9,086 | 6,257 | 41% | |
| Total property | 15,343 | 9,086 | 6,257 | 41% | |
| Plant and equipment | | | | | |
| Plant, machinery and equipment | 2,919 | 1,652 | 1,267 | 43% | 2 |
| Computers and telecommunications | 956 | 728 | 228 | 24% | 3 |
| Total plant and equipment | 3,875 | 2,380 | 1,495 | 39% | |
| Infrastructure | | | | | |
| Roads | 12,189 | 9,950 | 2,239 | 18% | 4 |
| Bridges | - | (8) | 8 | -100% | |
| Major culverts | 256 | 637 | (381) | -149% | 5 |
| Footpaths and cycleways | 5,530 | 2,364 | 3,166 | 57% | 6 |
| Drainage | 476 | 65 | 411 | 86% | 7 |
| Car parks | 1,425 | 614 | 811 | 57% | 8 |
| Land stabilisation | - | 11 | (11) | 100% | |
| Waste management | 108 | 328 | (220) | -204% | 9 |
| Other infrastructure | 5,081 | 2,189 | 2,892 | 57% | 10 |
| Total infrastructure | 25,065 | 16,150 | 8,915 | 36% | |
| Total capital works expenditure | 44,283 | 27,616 | 16,667 | 38% | |
| Represented by: | | | | | |
| Asset renewal expenditure | 27,910 | 24,617 | 3,293 | 12% | |
| Asset expansion expenditure | 12,436 | 2,119 | 10,317 | 83% | |
| Asset upgrade expenditure | 3,937 | 880 | 3,057 | 78% | |
| Total capital works expenditure | 44,283 | 27,616 | 16,667 | 38% | |

(i) Explanation of material variations

| Variance Ref | Item | Explanation |
|--------------|----------------------------------|---|
| 1 | Buildings | Expenditure on the Korumburra Community Hub (\$2M), Main Office Refurbishment (\$2.1M) and Early Years Renwal Program (\$1.3M) have been deferred and carried forward to 2022-23. |
| 2 | Plant, machinery and equipment | Purchases of various plant and fleet deferred and carried forward to 2022-23. |
| 3 | Computers and telecommunications | Due to fewer purchases of network infrastructure than originally anticipated, due to delays in both the Korumburra Community Hub and Main Office Refurbishment. These costs have been carried forward to 2022-23. |
| 4 | Roads | Expenditure on the Korumburra Commercial Streetscape (\$2.9M) deferred and carried forward to 2022-23. |
| 5 | Major culverts | Expenditure on McKnights Road, Stony Creek and Boundary Road, Foster were completed early and brought forward from 2022-23. |
| 6 | Footpaths and cycleways | Expenditure on Great Southern Rail Trail (\$3.2M) deferred and carried forward to 2022-23. |
| 7 | Drainage | Expenditure on the Walkerville Retarding Basin (\$85K) and rehabilitation program (\$325K) deferred and carried forward to 2022-23. |
| 8 | Car parks | Expenditure on Port Welshpool Boat Ramp Car Park (\$495K), Jones Street, Foster Car Park (\$209K) and Mirboo North Pool Car Park (\$107K) deferred and carried forward to 2022-23. |
| 9 | Waste management | Due to expenditure on Hook Lift Bins funded by a grant (\$93K) and Transfer Station Upgrades (\$226K) that were not included in the original budget. |
| 10 | Other infrastructure | Due to expenditure for a number of projects deferred and carried forward to 2022-23, including Foster Showgrounds Irrigation and Resurfacing (\$300K), Leongatha and Korumburra Railway Precincts (\$1.5M), Korumburra Skate Park (\$234K), Pools Renwal Program (\$265K), Toora Jetty Pontoon (\$207K) and Community Infrastructure Projects (\$415K). |

Notes to the Financial Report for the Year Ended 30 June 2022

Note 2.2

Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Chief Executive Office

The Executive Office builds strong and productive relationships with government and key regional agencies to strengthen the performance of Council.

Performance & Innovation Management

The Performance & Innovation Directorate provides services including:

- Financial Strategy;
- Digital & Technology;
- People & Culture;
- Governance Services; and
- Community Information & Advocacy;

The Director of Performance & Innovation also sits on the Library Board and the budget for Performance & Innovation Management includes Council's annual contribution.

Financial Strategy

The Financial Strategy Department delivers financial planning, budget management, legislative compliance, risk management coordination and procurement coordination, rates and valuation services and internal support to departments, teams and individuals in relation to finance functions. It is responsible for contract management, risk and insurance, Freedom of Information, internal audit, regulatory compliance and tendering.

Digital & Technology

The Digital & Technology Department work across all areas of Council to provide cost-effective technology and services. It aims to deliver the best quality services to the Community and provide contemporary tools for staff to operate efficiently. The team consists of Business Improvement including Privacy, Corporate Information Management, and Information Technology.

People & Culture

The People & Culture Department strive for a safe, healthy and high performing workplace, in which our people can grow both personally and professionally. It manages recruitment, workplace relations and industrial relations, gender equity & diversity and inclusion, organisational learning & development, occupational health, safety & wellbeing, human resources & performance management, workers compensation and return to work management and payroll.

Governance

The Governance Department delivers services from the Council Business team to the community, Councillors and staff. It provides support for Council meetings, briefings and hearings, corporate planning, monitoring and reporting, including development of the Council Plan and Annual Report. It leads policy review and provides reform support including the Local Government Act.

Community Information & Advocacy

The Community Information and Advocacy Department services to the community include phone-based customer service, website maintenance, social media, front-desk customer service, media liaison, coordination of Council Noticeboard and the Administrators' Message, advocacy materials to support Council's key projects, maintenance of the online Community Directory, production and distribution of the e-newsletter 'In The Know', Australia Day Awards and ceremonies.

Notes to the Financial Report for the Year Ended 30 June 2022

Sustainable Infrastructure

The Infrastructure Services Development Directorate provides services including:

- Infrastructure Planning;
- Infrastructure Delivery;
- Infrastructure Maintenance; and
- Open Space & Environment

Infrastructure Planning

The Infrastructure Planning Department plans and manages Council's asset portfolio, including the development of sustainable and cost effective maintenance and capital programs. It delivers asset management services such as waste management, and sourcing external grant funding for major projects. It promotes a sustainable environment and solutions, including the delivery of projects through Council's Revolving Sustainability Fund.

Infrastructure Delivery

The Infrastructure Delivery Department delivers Council's civil and building capital works program, building maintenance programs, and community infrastructure works. This includes the delivery of associated services such as civil design, building maintenance, and oversight of engineering for developments in accordance with the service levels for development referrals.

Infrastructure Maintenance

The Infrastructure Maintenance Department provides a safe and trafficable road network by maintaining Council and associated gravel and sealed roads, and road infrastructure assets including roads, drainage, bridges, culverts, footpaths, and waterway assets. It delivers construction projects and provides a rapid response and afterhours call out service to maintain Council's roads and associated road infrastructure assets.

Open Space & Environment

The Open Space & Environment Department manages recreational and public areas in the form of open space, natural and foreshore bush reserves, and parks and gardens. It includes grass mowing, garden maintenance and planting, urban / rural tree maintenance, public amenities and BBQ cleaning, playground replacement, landscape structure maintenance, rural roadside vegetation maintenance, urban fire hazard slashing, Great Southern Rail Trail maintenance, and control of roadside weeds to improve biodiversity outcomes.

Notes to the Financial Report for the Year Ended 30 June 2022

Economic & Community

The Economic & Community Directorate provides services including:

- Economy, Community & Investment;
- Planning & Building Services; and
- Community Health & Safety

Economy, Community & Investment

The Economy, Community & Investment Department strategically leads, and responsively plans economic and cultural activities to support:

- investment and growth of key industries;
- tourism development and increased visitation;
- enhanced liveability;
- increased capacity and capabilities within the creative industries.

Planning & Building Services

The Planning Services Department undertakes strategic planning to prepare long-term landuse planning policies and planning schemes, aligned to State Government requirements, to address a range of environments, economic and social matters. It supports community members to ensure their development needs align with these policies and planning schemes through their planning permits.

Community Health & Safety

The Community Health & Safety Department provides services to the community including animal management, building/planning enforcement, fire prevention, local laws development/ enforcement, litter prevention, permits for places of public entertainment, parking control, registration of food, health and accommodation premises, report and consent applications for new buildings, school crossings and wastewater. It also supports, connects, engages and advocates for communities, children and families and individuals in South Gippsland with Children and Family Services, Community Strengthening, Regional Assessment Service and Social Planning.

Notes to the Financial Report for the Year Ended 30 June 2022

2.2.2 Summary of income, expenses, assets and capital expenses by program

| | Income | Expenses | Surplus/ (Deficit) | Grants included in income | Total assets |
|--|---------------|---------------|-----------------------|---------------------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2022 | | | | | |
| Performance & Innovation Management | - | 1,844 | (1,844) | - | - |
| Financial Strategy Department | 54,170 | 26,708 | 27,462 | 9,442 | 53,100 |
| Digital & Technology Department | - | 2,722 | (2,722) | - | 1,370 |
| People & Culture Department | 842 | 1,842 | (1,000) | 485 | - |
| Governance Department | 12 | 1,558 | (1,546) | - | - |
| Customer Information & Advocacy Department | 34 | 982 | (948) | 34 | - |
| Economy & Community Management | - | 376 | (376) | - | - |
| Economy, Community & Investment Department | 6,581 | 10,097 | (3,516) | 5,526 | - |
| Planning & Building Services Department | 1,780 | 1,815 | (35) | 75 | - |
| Community Health & Safety Department | 2,229 | 3,300 | (1,071) | 1,360 | - |
| Chief Executive Office | - | 440 | (440) | - | - |
| Infrastructure Delivery Department | 10,232 | 3,049 | 7,183 | 10,083 | - |
| Infrastructure Maintenance Department | 6,549 | 10,072 | (3,523) | 5,465 | 8,680 |
| Infrastructure Planning Department | 7,012 | 11,268 | (4,256) | 263 | 651,154 |
| Sustainable Infrastructure Management | - | 285 | (285) | - | - |
| Open Space & Environment Department | 145 | 4,284 | (4,139) | 142 | - |
| Unattributed | - | - | - | - | - |
| | 89,586 | 80,642 | 8,944 | 32,875 | 714,304 |

| | Income | Expenses | Surplus/ (Deficit) | Grants included in income | Total assets |
|--|---------------|---------------|-----------------------|---------------------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2021 | | | | | |
| Performance & Innovation Management | - | 1,769 | (1,769) | - | - |
| Financial Strategy Department | 48,498 | 21,251 | 27,247 | 4,069 | 49,586 |
| Digital & Technology Department | 99 | 2,921 | (2,822) | 99 | 1,172 |
| People & Culture Department | 1,545 | 1,717 | (172) | 1,300 | - |
| Governance Department | 1 | 931 | (930) | - | - |
| Customer Information & Advocacy Department | 21 | 887 | (866) | 21 | - |
| Economy & Community Management | - | 274 | (274) | - | - |
| Economy, Community & Investment Department | 1,838 | 4,413 | (2,575) | 1,112 | - |
| Planning & Building Services Department | 1,419 | 1,728 | (309) | 75 | - |
| Community Health & Safety Department | 2,154 | 3,383 | (1,229) | 1,373 | 1,691 |
| Chief Executive Office | 176 | 600 | (424) | - | - |
| Infrastructure Delivery Department | 13,242 | 3,240 | 10,002 | 12,268 | 8,955 |
| Infrastructure Maintenance Department | 4,266 | 8,411 | (4,145) | 3,665 | - |
| Infrastructure Planning Department | 6,919 | 8,885 | (1,966) | 653 | 577,836 |
| Sustainable Infrastructure Management | - | 290 | (290) | - | - |
| Open Space & Environment Department | 187 | 3,644 | (3,457) | 114 | - |
| Unattributed | - | - | - | - | - |
| | 80,365 | 64,344 | 16,021 | 24,749 | 639,240 |

Notes to the Financial Report for the Year Ended 30 June 2022

Note 3 Funding for the delivery of our services

3.1 Rates and charges

| 2022 | 2021 |
|--------|--------|
| \$'000 | \$'000 |

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The capital value of a property is the value that it could be reasonably expected to sell for on the open market.

The valuation base used to calculate general rates for 2021/22 was \$10,449 million (2020/21 \$9,469 million).

| | | |
|--|---------------|---------------|
| General rates | 42,227 | 41,421 |
| Waste management charge | 3,878 | 3,204 |
| Special rates and charges | - | 7 |
| Supplementary rates and rate adjustments | 267 | 289 |
| Interest on rates and charges | 185 | 224 |
| Revenue in lieu of rates | 193 | 193 |
| Total rates and charges | 46,750 | 45,338 |

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2022, and the valuation will be first applied in the rating year commencing 1 July 2022.

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

| | | |
|---------------------------------------|--------------|--------------|
| Land information certificates | 43 | 48 |
| Local laws | 44 | 61 |
| Building services | 242 | 272 |
| Statutory planning | 579 | 638 |
| Supervision fees | 111 | 57 |
| Others | 23 | 11 |
| Total statutory fees and fines | 1,042 | 1,087 |

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

3.3 User fees

| | | |
|---|--------------|--------------|
| Aged and health services | 341 | 210 |
| Leisure centre and recreation | - | 1 |
| Local Laws | 450 | 468 |
| Waste management services | 2,455 | 2,357 |
| Caravan parks | 964 | 695 |
| Other fees and charges | 84 | 82 |
| Total user fees | 4,294 | 3,813 |
| User fees by timing of revenue recognition | | |
| User fees recognised over time | 964 | 695 |
| User fees recognised at a point in time | 3,330 | 3,118 |
| Total user fees | 4,294 | 3,813 |

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

Notes to the Financial Report for the Year Ended 30 June 2022

3.4 Funding from other levels of government

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants

State funded grants

Total grants received

| | 2022 | 2021 |
|------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| | 20,648 | 16,822 |
| | 12,227 | 7,927 |
| Total grants received | 32,875 | 24,749 |

(a) Operating Grants

Recurrent - Commonwealth Government

Financial Assistance Grants

Immunisation

Home & Community Care

Recurrent - State Government

Valuation Services

Family and children

Home & Community Care

School crossing supervision

Community building

Community health

Immunisation

Maternal & child health

Other

Total recurrent operating grants

| | | |
|---|---------------|---------------|
| | 14,376 | 10,016 |
| | 2 | 2 |
| | 268 | 264 |
| | 172 | 170 |
| | 267 | 243 |
| | 101 | 96 |
| | 68 | 66 |
| | 3 | - |
| | 17 | 8 |
| | 16 | 10 |
| | 584 | 536 |
| | 10 | 8 |
| Total recurrent operating grants | 15,884 | 11,419 |

Non-recurrent - Commonwealth Government

Natural Disasters

Non-recurrent - State Government

Families & Children

Home & Community Care

Youth Services

Maternal & child health

Fire Services Levy Administration

Sustainability

Community Building

Natural Disasters

Recreation & Leisure

Working for Victoria

Libraries

Other

Total non-recurrent operating grants

Total operating grants

| | | |
|---|---------------|---------------|
| | 106 | - |
| | 18 | 22 |
| | 20 | 105 |
| | 262 | 47 |
| | 1 | - |
| | 53 | 52 |
| | 676 | 292 |
| | 32 | 49 |
| | 4,279 | 347 |
| | 162 | 269 |
| | 485 | 1,300 |
| | 67 | - |
| | 502 | 506 |
| Total non-recurrent operating grants | 6,663 | 2,989 |
| Total operating grants | 22,547 | 14,408 |

Notes to the Financial Report for the Year Ended 30 June 2022

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| (b) Capital Grants | | |
| Recurrent - Commonwealth Government | | |
| Roads to recovery | 2,385 | 2,385 |
| Total recurrent capital grants | 2,385 | 2,385 |
| Non-recurrent - Commonwealth Government | | |
| Roads | 2,270 | 2,143 |
| Other Structures | 1,241 | 2,012 |
| Non-recurrent - State Government | | |
| Roads | 229 | 1,898 |
| Building | 3,034 | 626 |
| Bridges | 66 | 208 |
| Footpaths | 445 | - |
| Other Structures | 612 | 1,069 |
| Waste Management | 46 | - |
| Total non-recurrent capital grants | 7,943 | 7,956 |
| Total capital grants | 10,328 | 10,341 |

(c) Unspent grants received on condition that they be spent in a specific manner

| | | |
|---|--------------|-------|
| Operating | | |
| Balance at start of year | 768 | 310 |
| Received during the financial year and remained unspent at balance date | 1,233 | 552 |
| Received in prior years and spent during the financial year | - 770 | - 94 |
| Balance at year end | 1,231 | 768 |
| Capital | | |
| Balance at start of year | 2,532 | 827 |
| Received during the financial year and remained unspent at balance date | 2,835 | 2,156 |
| Received in prior years and spent during the financial year | - 2,084 | - 451 |
| Balance at year end | 3,283 | 2,532 |

(d) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with *AASB 15 Revenue from Contracts with Customers*. When both these conditions are satisfied, the Council:

- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies *AASB 1058 Income for Not-for-Profit Entities*.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.

| | | |
|---|---------------|---------------|
| Income recognised under AASB 1058 Income of Not-for-Profit Entities | | |
| General purpose | 14,376 | 10,016 |
| Specific purpose grants to acquire non-financial assets | 10,328 | 10,341 |
| Other specific purpose grants | 8,144 | 4,392 |
| Revenue recognised under AASB 15 Revenue from Contracts with Customers | | |
| Specific purpose grants | 27 | - |
| | 32,875 | 24,749 |

Notes to the Financial Report for the Year Ended 30 June 2022

3.5 (a) Contributions

| |
|----------------------------|
| Monetary |
| Non-monetary |
| Total contributions |

| 2022 | 2021 |
|--------------|--------------|
| \$'000 | \$'000 |
| 844 | 1,416 |
| 1,629 | 3,176 |
| 2,473 | 4,592 |

Contributions of non monetary assets were received in relation to the following asset classes.

| |
|---|
| Roads |
| Drains |
| Kerb & channels |
| Footpaths |
| Total non-monetary contributions |

| | |
|--------------|--------------|
| 693 | 1,031 |
| 489 | 1,303 |
| 102 | 331 |
| 345 | 511 |
| 1,629 | 3,176 |

Monetary and non monetary contributions are recognised as revenue at their fair value when Council obtains control over the contributed asset.

(b) Found Assets

Found assets were recorded in the following asset classes.

| |
|---------------------------|
| Roads |
| Drains |
| Kerb & channels |
| Footpaths |
| Other |
| Total found assets |

| | |
|------------|------------|
| 235 | 294 |
| 15 | 46 |
| 6 | 38 |
| 111 | 44 |
| 43 | - |
| 410 | 422 |

Found assets are recorded when discovered by Council during maintenance or capital works.

3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

| |
|---|
| Proceeds of sale |
| Written down value of assets disposed |
| Total net gain/(loss) on disposal of property, infrastructure, plant and equipment |

| | |
|------------|----------------|
| 849 | 980 |
| (637) | (2,144) |
| 212 | (1,164) |

3.7 Other income

| |
|----------------------------|
| Interest |
| Investment property rental |
| Other rent |
| Fuel tax credits |
| Sales |
| Workcover reimbursements |
| Other reimbursements |
| External private works |
| Other |
| Total other income |

| | |
|--------------|--------------|
| 198 | 290 |
| 219 | 230 |
| 51 | 46 |
| 129 | 98 |
| 10 | 22 |
| 357 | 245 |
| 305 | 350 |
| - | 1 |
| 149 | 119 |
| 1,418 | 1,401 |

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 4 The cost of delivering services

4.1 (a) Employee costs

| | 2022 \$'000 | 2021 \$'000 |
|-----------------------------|----------------|----------------|
| Wages and salaries | 25,157 | 24,704 |
| WorkCover | 962 | 759 |
| Superannuation | 2,523 | 2,393 |
| Fringe benefits tax | 20 | 20 |
| Total employee costs | 28,662 | 27,876 |

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

| | | |
|--|----|----|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 78 | 87 |
| Employer contributions payable at reporting date. | - | 3 |

Accumulation funds

| | | |
|--|-------|-------|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 1,206 | 1,184 |
| Employer contributions - other funds | 1,238 | 1,122 |
| Employer contributions payable at reporting date. | - | 93 |

Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

| | | |
|---|---------------|---------------|
| Waste Management | 4,653 | 4,056 |
| Leisure Centre Operations | 1,167 | 815 |
| Contractors General | 5,480 | 3,436 |
| Software Maintenance | 1,303 | 1,564 |
| Landfill Rehabilitation | 1,714 | 65 |
| COVID-19 | 158 | 95 |
| Natural disasters | 5,118 | 614 |
| Materials General | 5,251 | 4,555 |
| Fuel & Oils | 1,039 | 749 |
| Advertising & Promotion Costs | 442 | 391 |
| Utilities | 972 | 902 |
| Subscriptions, affiliations and conferences | 160 | 234 |
| Leases & Rentals | 55 | 64 |
| Legal Fees | 400 | 339 |
| Consultancies and projects | 653 | 861 |
| Insurance Premiums | 1,116 | 964 |
| Plant & Equipment Registrations | 125 | 113 |
| Training expenses | 492 | 233 |
| State levies | 1,282 | 876 |
| Gippsland Group Training / Labour Hire | (2) | 4 |
| Total materials and services | 31,578 | 20,930 |

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

4.3 Depreciation

| | | |
|---------------------------|---------------|---------------|
| Property | 1,994 | 3,842 |
| Plant and equipment | 1,799 | 1,542 |
| Infrastructure | 7,912 | 6,531 |
| Total depreciation | 11,705 | 11,915 |

Refer to note 5.2(c), 5.8 and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Amortisation - Intangible assets

| | | |
|---|------------|------------|
| Landfill air space | 364 | 240 |
| Total Amortisation - Intangible assets | 364 | 240 |

4.5 Amortisation - Right of use assets

| | | |
|---|-----------|-----------|
| Property | 93 | 93 |
| Total Amortisation - Right of use assets | 93 | 93 |

Notes to the Financial Report for the Year Ended 30 June 2022

4.6 Bad and doubtful debts

Other debtors

Total bad and doubtful debts

| 2022 | 2021 |
|-----------|------------|
| \$'000 | \$'000 |
| 17 | (4) |
| 17 | (4) |

Movement in provisions for doubtful debts

Balance at the beginning of the year

New provisions recognised during the year

Amounts already provided for and written off as uncollectible

Amounts provided for but recovered during the year

Balance at end of year

| | |
|------------|------------|
| 158 | 161 |
| 22 | 8 |
| (4) | - |
| (5) | (11) |
| 171 | 158 |

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.7 Borrowing costs

Interest - Borrowings

Total borrowing costs

| | |
|-----------|----------|
| 20 | 9 |
| 20 | 9 |

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

4.8 Finance Costs - Leases

Interest - Lease Liabilities

Total finance costs

| | |
|----------|----------|
| 1 | 6 |
| 1 | 6 |

4.9 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals

Auditors' remuneration - Internal Audit

Councillors' allowances

Library contributions

Community & Sporting grants

Bank Fees & Charges

Infrastructure assets and work in progress written-off

Gift and transfer of interest in West Gippsland Regional Library Corporation to MyLi (Note 6.2)

Others

Total other expenses

| | |
|--------------|--------------|
| 70 | 59 |
| 27 | 38 |
| 221 | - |
| 1,494 | 1,472 |
| 1,000 | 1,324 |
| 231 | 185 |
| 3,750 | - |
| 1,478 | - |
| - | 201 |
| 8,271 | 3,279 |

Notes to the Financial Report for the Year Ended 30 June 2022

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| Cash on hand | 1 | 3 |
| Cash at bank | 3,550 | 7,369 |
| Money market call accounts | 4,296 | 3,195 |
| Total cash and cash equivalents | 7,847 | 10,567 |

(b) Other financial assets

| | | |
|-------------------------------------|---------------|---------------|
| Term deposits - current | 37,270 | 32,279 |
| Total other financial assets | 37,270 | 32,279 |
| Total financial assets | 45,117 | 42,846 |

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

| | | |
|--|--------------|--------------|
| - Trust funds and deposits (Note 5.3) | 1,552 | 1,527 |
| Total restricted funds | 1,552 | 1,527 |
| Total unrestricted cash and cash equivalents | 6,295 | 9,040 |

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

| | | |
|--|---------------|---------------|
| - Cash held to fund carried forward capital works | 20,692 | 23,546 |
| - Grants recognised as revenue and obtained on the condition that they be expended in a specified manner that had not occurred at balance date (Note 3.4c) | 4,514 | 3,300 |
| - Reserve funds allocated for specific future purpose (Note 9.1b) | 1,082 | 543 |
| Total funds subject to intended allocations | 26,288 | 27,389 |

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

Notes to the Financial Report for the Year Ended 30 June 2022

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors

Special rate assessment

Net GST receivable

Non statutory receivables

Other debtors

Provision for doubtful debts - other debtors

Total current trade and other receivables

Total trade and other receivables

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| | | |
| Rates debtors | 3,112 | 3,638 |
| Special rate assessment | 45 | 55 |
| Net GST receivable | 1,247 | 771 |
| Other debtors | 2,675 | 1,579 |
| Provision for doubtful debts - other debtors | (171) | (158) |
| Total current trade and other receivables | 6,908 | 5,885 |
| Total trade and other receivables | 6,908 | 5,885 |

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of Receivables

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)

Past due by up to 30 days

Past due between 31 and 180 days

Past due between 181 and 365 days

Past due by more than 1 year

Total trade and other receivables

| | | |
|--|--------------|--------------|
| | 1,274 | 988 |
| | 869 | 269 |
| | 311 | 39 |
| | 11 | 83 |
| | 39 | 42 |
| Total trade and other receivables | 2,504 | 1,421 |

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$171K (2021: \$158K) were impaired. The amount of the provision raised against these debtors was \$171K (2021: \$158K). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)

Past due by up to 30 days

Past due between 31 and 180 days

Past due between 181 and 365 days

Past due by more than 1 year

Total trade & other receivables

| | | |
|--|------------|------------|
| | 1 | 1 |
| | 3 | 1 |
| | 18 | 2 |
| | 10 | 11 |
| | 139 | 143 |
| Total trade & other receivables | 171 | 158 |

Notes to the Financial Report for the Year Ended 30 June 2022

5.2 Non-financial assets

(a) Inventories

| | 2022 \$'000 | 2021 \$'000 |
|-----------------------------------|----------------|----------------|
| Inventories held for distribution | 176 | 210 |
| Total inventories | 176 | 210 |

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(b) Other assets

| | | |
|---------------------------|------------|------------|
| Prepayments | 348 | 240 |
| Total other assets | 348 | 240 |

(c) Intangible assets

| | | |
|--------------------------------|----------|------------|
| Landfill air space | - | 294 |
| Total intangible assets | - | 294 |

| | Landfill \$'000 |
|--|--------------------|
| Gross carrying amount | |
| Balance at 1 July 2021 | 1,417 |
| Additions from internal developments | - |
| Other additions | 70 |
| Balance at 30 June 2022 | 1,487 |
| Accumulated amortisation and impairment | |
| Balance at 1 July 2021 | 1,123 |
| Amortisation expense | 364 |
| Balance at 30 June 2022 | 1,487 |
| Net book value at 30 June 2021 | 294 |
| Net book value at 30 June 2022 | - |

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

Notes to the Financial Report for the Year Ended 30 June 2022

| | 2022 | 2021 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| 5.3 Payables, trust funds and deposits and unearned income/revenue | | |
| (a) Trade and other payables | | |
| <i>Non-statutory payables</i> | | |
| Trade payables | 2,680 | 2,214 |
| Accrued expenses | 3,440 | 730 |
| Total trade and other payables | 6,120 | 2,944 |
| (b) Trust funds and deposits | | |
| Refundable deposits | 334 | 203 |
| Fire services levy | 577 | 662 |
| Retention amounts | 247 | 259 |
| Other refundable deposits | 394 | 403 |
| Total trust funds and deposits | 1,552 | 1,527 |
| (c) Unearned income/revenue | | |
| Grants received in advance - operating | 1,099 | 117 |
| Grants received in advance - capital | 3,823 | 4,834 |
| Total unearned income/revenue | 4,922 | 4,951 |

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Other refundable deposits - Other deposits held in trust.

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of capital works and major projects. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer.

Refer to Note 3.

Notes to the Financial Report for the Year Ended 30 June 2022

5.4 Interest-bearing liabilities

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Current | | |
| Treasury Corporation of Victoria borrowings - secured | 514 | 349 |
| | 514 | 349 |
| Non-current | | |
| Treasury Corporation of Victoria borrowings - secured | 4,422 | 3,049 |
| | 4,422 | 3,049 |
| Total | 4,936 | 3,398 |

Borrowings are secured by (insert security details)

(a) The maturity profile for Council's borrowings is:

| | | |
|---|--------------|--------------|
| Not later than one year | 514 | 349 |
| Later than one year and not later than five years | 2,142 | 1,454 |
| Later than five years | 2,280 | 1,595 |
| | 4,936 | 3,398 |

Council has a construction drawdown facility that is interest-only until the final drawdown has occurred. At the time of the final drawdown the facility will convert to a 10 year principal & interest loan.

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

5.5 Provisions

2022

| | Employee \$ '000 | Landfill restoration \$ '000 | Total \$ '000 |
|---|---------------------|------------------------------------|------------------|
| Balance at beginning of the financial year | 8,107 | 3,155 | 11,262 |
| Additional provisions | 2,109 | 149 | 2,258 |
| Amounts used | (2,102) | (82) | (2,184) |
| Change in the discounted amount arising because of time and the effect of any change in the discount rate | (230) | 1,719 | 1,489 |
| Balance at the end of the financial year | 7,884 | 4,941 | 12,825 |

2021

| | | | |
|---|--------------|--------------|---------------|
| Balance at beginning of the financial year | 7,138 | 3,055 | 10,193 |
| Additional provisions | 3,433 | 87 | 3,520 |
| Amounts used | (2,453) | (100) | (2,553) |
| Change in the discounted amount arising because of time and the effect of any change in the discount rate | (11) | 113 | 102 |
| Balance at the end of the financial year | 8,107 | 3,155 | 11,262 |

Notes to the Financial Report for the Year Ended 30 June 2022

(a) Employee provisions

Current provisions expected to be wholly settled within 12 months

| | 2022 \$'000 | 2021 \$'000 |
|--------------------|----------------|----------------|
| Annual leave | 1,807 | 1,865 |
| Purchased leave | 205 | 275 |
| Rostered days | 315 | 409 |
| Long service leave | 391 | 362 |
| | 2,718 | 2,911 |

Current provisions expected to be wholly settled after 12 months

| | | |
|--------------------|--------------|--------------|
| Annual leave | 1,106 | 917 |
| Long service leave | 2,860 | 2,706 |
| | 3,966 | 3,623 |

Total current employee provisions

| | | |
|--|--------------|--------------|
| | 6,684 | 6,534 |
|--|--------------|--------------|

Non-current

| | | |
|---------------------------------------|--------------|--------------|
| Long service leave | 1,200 | 1,573 |
| Total non-current employee provisions | 1,200 | 1,573 |

Aggregate carrying amount of employee provisions:

| | | |
|--|--------------|--------------|
| Current | 6,684 | 6,534 |
| Non-current | 1,200 | 1,573 |
| Total aggregate carrying amount of employee provisions | 7,884 | 8,107 |

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

Key assumptions:

| | | |
|-----------------|--------|--------|
| - discount rate | 3.075% | 0.183% |
| - index rate | 3.000% | 2.950% |

(b) Landfill restoration

| | 2022 \$'000 | 2021 \$'000 |
|-------------|----------------|----------------|
| Current | 88 | 83 |
| Non-current | 4,853 | 3,072 |
| | 4,941 | 3,155 |

Council is obligated to restore the landfill sites to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

| | | |
|-----------------|--------|--------|
| - discount rate | 3.395% | 0.944% |
| - index rate | 9.060% | 2.383% |

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2022.

| | | |
|---|--------------|--------------|
| Bank overdraft | 500 | 500 |
| Credit card facilities | 350 | 350 |
| Treasury Corporation of Victoria facilities | 8,100 | 951 |
| Total facilities | 8,950 | 1,801 |
| Used facilities | 59 | 1,226 |
| Unused facilities | 8,891 | 575 |

Notes to the Financial Report for the Year Ended 30 June 2022

5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

(a) Commitments for expenditure

| 2022 | Not later than 1 year | Later than 1 year and not later than 2 years | Later than 2 years and not later than 5 years | Later than 5 years | Total |
|--------------------------------|-----------------------|--|---|--------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating | | | | | |
| Transfer Stations | 660 | 660 | 1,980 | 1,045 | 4,345 |
| Kerbside Garbage | 1,644 | - | - | - | 1,644 |
| Libraries | 1,520 | - | - | - | 1,520 |
| General Materials & Services | 1,879 | 196 | 10 | - | 2,085 |
| Equipment Hire | 9 | - | - | - | 9 |
| Maintenance Contracts | 145 | - | - | - | 145 |
| Construction Contracts | 227 | - | - | - | 227 |
| Workcover | 12 | - | - | - | 12 |
| Total | 6,096 | 856 | 1,990 | 1,045 | 9,987 |
| Capital | | | | | |
| Roads | 1,701 | - | - | - | 1,701 |
| Car Parks | 1,416 | - | - | - | 1,416 |
| Computers and telecomms | 436 | - | - | - | 436 |
| Plant, machinery and equipment | 1,024 | 338 | - | - | 1,362 |
| Other Structures | 3,316 | - | - | - | 3,316 |
| Buildings | 7,180 | - | - | - | 7,180 |
| Heritage Buildings | 37 | - | - | - | 37 |
| Footpaths | 455 | - | - | - | 455 |
| Major Culverts | 78 | - | - | - | 78 |
| Transfer Stations | 125 | - | - | - | 125 |
| Total | 15,768 | 338 | - | - | 16,106 |
| 2021 | | | | | |
| Operating | | | | | |
| Transfer Stations | 311 | - | - | - | 311 |
| Litter Bins | 13 | - | - | - | 13 |
| Kerbside Garbage | 1,337 | - | - | - | 1,337 |
| Libraries | 1,472 | - | - | - | 1,472 |
| General Materials & Services | 1,163 | 107 | 271 | - | 1,541 |
| Maintenance Contracts | 1,247 | - | - | - | 1,247 |
| Construction Contracts | 272 | 16 | - | - | 288 |
| Total | 5,815 | 123 | 271 | - | 6,209 |
| Capital | | | | | |
| Roads | 529 | - | - | - | 529 |
| Computers and telecomms | 133 | - | - | - | 133 |
| Plant, machinery and equipment | 573 | - | - | - | 573 |
| Other Structures | 1,307 | - | - | - | 1,307 |
| Buildings | 2,117 | - | - | - | 2,117 |
| Footpaths | 2,543 | - | - | - | 2,543 |
| Major Culverts | 399 | - | - | - | 399 |
| Total | 7,601 | - | - | - | 7,601 |

(b) Operating lease receivables

Operating lease receivables

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

Future undiscounted minimum rentals receivable under non-cancellable operating leases are as follows:

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Not later than one year | 261 | 225 |
| Later than one year and not later than five years | 412 | 394 |
| Later than five years | 257 | 267 |
| Total | 930 | 886 |

Notes to the Financial Report for the Year Ended 30 June 2022

5.8 Leases

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Council has elected to apply the temporary option available under *AASB 16 Leases* which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Notes to the Financial Report for the Year Ended 30 June 2022

Right-of-Use Assets

| | Property \$'000 |
|-------------------------|--------------------|
| Balance at 1 July 2021 | 86 |
| Additions | 461 |
| Amortisation charge | (93) |
| Balance at 30 June 2022 | 454 |

Lease Liabilities

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Maturity analysis - contractual undiscounted cash flows | | |
| Less than one year | 89 | 94 |
| One to five years | 364 | - |
| More than five years | - | - |
| Total undiscounted lease liabilities as at 30 June: | 453 | 94 |
| Lease liabilities included in the Balance Sheet at 30 June: | | |
| Current | 89 | 94 |
| Non-current | 364 | - |
| Total lease liabilities | 453 | 94 |

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Council had no short-term leases or leases of low value assets in 2021-22.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

| | Carrying amount 30 June 2021 | Additions | Contributions | Found Assets | Revaluation | Depreciation | Disposal | Write-off | Transfers | Carrying amount 30 June 2022 |
|---------------------|---------------------------------|---------------|---------------|--------------|---------------|-----------------|----------------|----------------|-----------|---------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Property | 134,189 | - | - | - | 59,400 | (1,994) | (857) | - | (5,734) | 185,004 |
| Plant and equipment | 9,917 | - | - | - | - | (1,799) | (497) | - | 2,270 | 9,891 |
| Infrastructure | 425,493 | - | 1,629 | 410 | 370 | (7,912) | (1,340) | - | 20,430 | 439,080 |
| Work in progress | 17,774 | 27,616 | - | - | - | - | - | (1,825) | (16,966) | 26,599 |
| | 587,373 | 27,616 | 1,629 | 410 | 59,770 | (11,705) | (2,694) | (1,825) | - | 660,574 |

Summary of Work in Progress

| | Opening WIP | Additions | Write-off | Transfers | Closing WIP |
|---------------------|---------------|---------------|----------------|-----------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Property | 2,021 | 9,086 | (134) | (1,464) | 9,509 |
| Plant and equipment | 243 | 2,380 | (271) | (2,305) | 47 |
| Infrastructure | 15,510 | 16,150 | (1,420) | (13,197) | 17,043 |
| Total | 17,774 | 27,616 | (1,825) | (16,966) | 26,599 |

Notes to the Financial Report for the Year Ended 30 June 2022

(a) Property

| | Land - specialised | Land under roads | Land - non specialised | Total Land & Land Improvements | Heritage buildings | Buildings | Total Buildings | Work In Progress | Total Property |
|--|--------------------|------------------|------------------------|--------------------------------|--------------------|---------------|------------------|------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At fair value 1 July 2021 | 59,053 | 18,381 | 5,891 | 83,325 | 6,390 | 158,415 | 164,805 | 2,021 | 250,151 |
| Accumulated depreciation at 1 July 2021 | - | - | - | - | (4,493) | (109,448) | (113,941) | - | (113,941) |
| | 59,053 | 18,381 | 5,891 | 83,325 | 1,897 | 48,967 | 50,864 | 2,021 | 136,210 |
| Movements in fair value | | | | | | | | | |
| Additions | - | - | - | - | - | - | - | 9,086 | 9,086 |
| Contributions | - | - | - | - | - | - | - | - | - |
| Revaluation | 18,734 | 7,662 | 967 | 27,363 | 308 | (21,831) | (21,523) | - | 5,840 |
| Disposal | (140) | - | - | (140) | - | (6,177) | (6,177) | - | (6,317) |
| Write-off | - | - | - | - | - | - | - | (134) | (134) |
| Transfers | - | - | - | - | - | (28,144) | (28,144) | (1,464) | (29,608) |
| Impairment losses recognised in operating result | - | - | - | - | - | - | - | - | - |
| | 18,594 | 7,662 | 967 | 27,223 | 308 | (56,152) | (55,844) | 7,488 | (21,133) |
| Movements in accumulated depreciation | | | | | | | | | |
| Depreciation and amortisation | - | - | - | - | (129) | (1,865) | (1,994) | - | (1,994) |
| Accumulated depreciation of disposals | - | - | - | - | - | 5,460 | 5,460 | - | 5,460 |
| Revaluation | - | - | - | - | 2,149 | 51,411 | 53,560 | - | 53,560 |
| Impairment losses recognised in operating result | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | 22,410 | 22,410 | - | 22,410 |
| | - | - | - | - | 2,020 | 77,416 | 79,436 | - | 79,436 |
| At fair value 30 June 2022 | 77,647 | 26,043 | 6,858 | 110,548 | 6,698 | 102,263 | 108,961 | 9,509 | 229,018 |
| Accumulated depreciation at 30 June 2022 | - | - | - | - | (2,473) | (32,032) | (34,505) | - | (34,505) |
| Carrying amount | 77,647 | 26,043 | 6,858 | 110,548 | 4,225 | 70,231 | 74,456 | 9,509 | 194,513 |

The methodology for valuation of Buildings has been changed to provide more accuracy and to better align with other councils. The new methodology has resulted in a decrease in fair value of the gross replacement cost of \$21.5M and a decrease in accumulated depreciation of \$53.5, for an overall increase in carrying amount of \$32.0M.

Notes to the Financial Report for the Year Ended 30 June 2022

(b) Plant and Equipment

| | Plant machinery and equipment | Fixtures fittings and furniture | Computers and telecomms | Work In Progress | Total plant and equipment |
|--|----------------------------------|------------------------------------|----------------------------|------------------|------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At fair value 1 July 2021 | 16,182 | 204 | 4,441 | 243 | 21,070 |
| Accumulated depreciation at 1 July 2021 | (7,437) | (183) | (3,290) | - | (10,910) |
| | 8,745 | 21 | 1,151 | 243 | 10,160 |
| Movements in fair value | | | | | |
| Additions | - | - | - | 2,380 | 2,380 |
| Contributions | - | - | - | - | - |
| Revaluation | - | - | - | - | - |
| Disposal | (1,483) | - | - | - | (1,483) |
| Write-off | - | - | - | (271) | (271) |
| Transfers | 1,511 | - | 759 | (2,305) | (35) |
| Impairment losses recognised in operating result | - | - | - | - | - |
| | 28 | - | 759 | (196) | 591 |
| Movements in accumulated depreciation | | | | | |
| Depreciation and amortisation | (1,255) | (4) | (540) | - | (1,799) |
| Accumulated depreciation of disposals | 986 | - | - | - | 986 |
| Impairment losses recognised in operating result | - | - | - | - | - |
| Transfers | - | - | - | - | - |
| | (269) | (4) | (540) | - | (813) |
| At fair value 30 June 2022 | 16,210 | 204 | 5,200 | 47 | 21,661 |
| Accumulated depreciation at 30 June 2022 | (7,706) | (187) | (3,830) | - | (11,723) |
| Carrying amount | 8,504 | 17 | 1,370 | 47 | 9,938 |

Notes to the Financial Report for the Year Ended 30 June 2022

(c) Infrastructure

| | Roads \$'000 | Bridges \$'000 | Major culverts \$'000 | Footpaths & cycleways \$'000 | Kerb & channel \$'000 | Off street car parks \$'000 | Drainage \$'000 | Waterway Infrastructure \$'000 | Land Stabilisation \$'000 | Waste Management \$'000 | Recreation \$'000 | Other Infrastructure \$'000 | Work In Progress | Total Infrastructure \$'000 |
|--|-----------------|-------------------|--------------------------|------------------------------------|--------------------------|-----------------------------------|--------------------|--------------------------------------|------------------------------|-------------------------------|----------------------|-----------------------------------|---------------------|-----------------------------------|
| At fair value 1 July 2021 | 370,738 | 58,661 | 14,754 | 19,004 | 27,097 | 6,934 | 41,888 | 1,106 | 6,102 | 4,303 | - | 19,562 | 15,510 | 585,659 |
| Accumulated depreciation at 1 July 2021 | (48,903) | (41,510) | (9,657) | (2,610) | (5,139) | (4,644) | (19,584) | (592) | (1,389) | (3,033) | - | (7,595) | - | (144,656) |
| | 321,835 | 17,151 | 5,097 | 16,394 | 21,958 | 2,290 | 22,304 | 514 | 4,713 | 1,270 | - | 11,967 | 15,510 | 441,003 |
| Movements in fair value | | | | | | | | | | | | | | |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - | 16,150 | 16,150 |
| Contributions | 693 | - | - | 345 | 102 | - | 489 | - | - | - | - | - | - | 1,629 |
| Found assets | 274 | - | - | 144 | 7 | - | 18 | - | - | - | - | 54 | - | 497 |
| Revaluation | 43 | - | - | 318 | - | - | - | - | - | - | - | 9 | - | 370 |
| Disposal | (645) | (27) | (197) | (424) | (274) | - | (211) | - | - | - | - | (98) | - | (1,876) |
| Write-off | - | - | - | - | - | - | - | - | - | - | - | - | (1,420) | (1,420) |
| Transfers | 9,045 | 214 | 637 | 1,206 | 583 | 262 | 598 | - | 30 | 93 | 29,427 | 745 | (13,197) | 29,643 |
| Impairment losses recognised in operating result | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 9,410 | 187 | 440 | 1,589 | 418 | 262 | 894 | - | 30 | 93 | 29,427 | 710 | 1,533 | 44,993 |
| Movements in accumulated depreciation | | | | | | | | | | | | | | |
| Depreciation and amortisation | (3,507) | (415) | (124) | (313) | (229) | (425) | (354) | (18) | (122) | (465) | (793) | (1,147) | - | (7,912) |
| Accumulated depreciation of disposals | 59 | 27 | 125 | 79 | 70 | - | 110 | - | - | - | - | 66 | - | 536 |
| Found assets | (39) | - | - | (33) | (1) | - | (3) | - | - | - | - | (11) | - | (87) |
| Impairment losses recognised in operating result | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | (153) | - | - | - | - | - | - | - | - | (22,257) | - | - | (22,410) |
| | (3,487) | (541) | 1 | (267) | (160) | (425) | (247) | (18) | (122) | (465) | (23,050) | (1,092) | - | (29,873) |
| At fair value 30 June 2022 | 380,148 | 58,848 | 15,194 | 20,593 | 27,515 | 7,196 | 42,782 | 1,106 | 6,132 | 4,396 | 29,427 | 20,272 | 17,043 | 630,652 |
| Accumulated depreciation at 30 June 2022 | (52,390) | (42,051) | (9,656) | (2,877) | (5,299) | (5,069) | (19,831) | (610) | (1,511) | (3,498) | (23,050) | (8,687) | - | (174,529) |
| Carrying amount | 327,758 | 16,797 | 5,538 | 17,716 | 22,216 | 2,127 | 22,951 | 496 | 4,621 | 898 | 6,377 | 11,585 | 17,043 | 456,123 |

Notes to the Financial Report for the Year Ended 30 June 2022

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

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

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Asset recognition thresholds and depreciation periods

| | Depreciation Period | Threshold Limit |
|--|---------------------|-----------------|
| | | \$'000 |
| Land & land improvements | | |
| land | - | No Threshold |
| land improvements | - | 10 |
| Buildings | | |
| heritage buildings | 100 years | 15 |
| buildings | 20 to 50 years | 15 |
| building and leasehold improvements | 20 to 50 years | 15 |
| Plant and Equipment | | |
| plant, machinery and equipment | 1 to 25 years | No Threshold |
| fixtures, fittings and furniture | 1 to 5 years | 15 |
| computers, software and telecommunications | 1 to 5 years | 15 |
| Infrastructure | | |
| roads - pavements and substructure | 130 years | No Threshold |
| roads - seals | 15 to 25 years | No Threshold |
| roads - formation and earthworks | 0 | No Threshold |
| roads - kerb and channel | 120 years | 15 |
| bridges | 150 years | 15 |
| major culverts | 120 years | 15 |
| footpath and cycleways | 90 years | 15 |
| off street car parks pavement | 130 years | 15 |
| off street car parks seal | 15 years | 15 |
| drainage | 120 years | 15 |
| waterway infrastructure | 60 years | 15 |
| land stabilisation | 50 years | 15 |
| waste management | 4 to 50 years | 15 |
| other structures | 10 to 40 years | 15 |
| Intangible assets | | |
| landfill air space | 4 to 6 years | No Threshold |
| Right-of-use assets | | |
| building | 3 years | 10 |

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

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

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Notes to the Financial Report for the Year Ended 30 June 2022

Valuation of land and buildings

Valuation of land was undertaken by a qualified valuer Andrew Begg, AAPI (council employee). Valuation of buildings was undertaken by a qualified independent valuer Assetic Pty Ltd MIE(Aust) CPEng, NPER : Membership 1102199 .The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table.

Details of the Council's land and buildings and information about the fair value hierarchy (Note 8.4) as at 30 June 2022 are as follows:

| | Level 1 | Level 2 | Level 3 | Date of Valuation |
|--------------------|---------|---------|---------|-------------------|
| Land | - | 6,858 | - | 30/06/2022 |
| Specialised land | - | - | 103,690 | 30/06/2022 |
| Heritage Buildings | - | - | 4,225 | 30/06/2022 |
| Buildings | - | - | 70,231 | 30/06/2022 |
| Total | - | 6,858 | 178,146 | |

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Tony Peterson, BE Civil Engineering (Council employee).

The date of the current valuation is detailed in the following table.

The valuation is at fair value based on current replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy (Note 8.4) as at 30 June 2022 are as follows:

| | Level 1 | Level 2 | Level 3 | Date of Valuation |
|-----------------------|---------|---------|---------|-------------------|
| Roads | - | - | 327,758 | 30/06/2021 |
| Bridges | - | - | 16,797 | 30/06/2021 |
| Major culverts | - | - | 5,538 | 30/06/2021 |
| Footpaths & cycleways | - | - | 17,716 | 30/06/2021 |
| Kerb & channel | - | - | 22,216 | 30/06/2021 |
| Off street car parks | - | - | 2,127 | 30/06/2021 |
| Drainage | - | - | 22,951 | 30/06/2021 |
| Seawalls | - | - | 496 | 30/06/2021 |
| Land stabilisation | - | - | 4,621 | 30/06/2021 |
| Waste management | - | - | 898 | n/a |
| Recreation | - | - | 6,377 | 30/06/2021 |
| Other infrastructure | - | - | 11,585 | 30/06/2021 |
| Total | - | - | 439,080 | |

Notes to the Financial Report for the Year Ended 30 June 2022

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 0% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$749 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$109 to \$15,217 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 4 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land

Land under roads

Parks and reserves

Total specialised land

| | 2022 | 2021 |
|-------------------------------|----------------|---------------|
| | \$'000 | \$'000 |
| Land under roads | 26,043 | 18,381 |
| Parks and reserves | 77,647 | 59,053 |
| Total specialised land | 103,690 | 77,434 |

Notes to the Financial Report for the Year Ended 30 June 2022

6.2 Non-current assets held for sale

(a) Investments in associates

Asset Transferred to West Gippsland Regional Library Corporation

The change to the Local Government Act 2020 (VIC) has required that existing Regional Library Boards be wound up within 10 years from 1 July 2021. On 25th June 2021, it was recommended to the Council that they participate in the formation of a beneficial enterprise to be known as; and become a founding member of Myli – My Community Library Ltd being:

- i. a public company limited by guarantee;
- ii. a not-for-profit and charitable institution to be registered with the Australian Charities and Not-for-profits Commission;
- iii. a public library recognised by the Australian Taxation Office; and
- iv. on the terms of the Myli – My Community Library Ltd constitution.

The Member Councils entered into a deed of novation and variation (Novation Deed) in relation to the existing West Gippsland Regional Library Corporation Agreement from 1 July 2022.

The Member Councils also entered into a gift and transfer deed between West Gippsland Regional Library Corporation and Myli – My Community Library Ltd (Gift and Transfer Deed) which provided in general terms, the restructure of West Gippsland Regional Library Corporation and replace it with Myli – My Community Library Ltd. Member Councils gifted their interests in West Gippsland Regional Library Corporation Ltd, and therefore their interests in West Gippsland Regional Library Corporation's business, assets and liabilities, to Myli – My Community Library Ltd. The transfer of West Gippsland Regional Library Corporation's business, assets and liabilities occurred in specie to Myli – My Community Library Ltd on 30 June 2022.

The Council on 21 July 2021, subject to giving full effect to the Novation Deed and the Gift and Transfer Deed, agreed that its intention is that the original Library Agreement was taken to be terminated with effect at 11:59pm on 30 June 2022. Therefore, agreed to the dissolution and winding up of West Gippsland Regional Library Corporation, with the Gift and Transfer Deed constituting the distribution of assets and liabilities in full and final satisfaction of dissolution and winding up clause, 13.2, of the Library Agreement.

Other Member Councils made their decisions to transition on the following dates:

- Bass Coast Council on 21 July 2021
- Baw Baw Shire Council on 28 July 2021

- West Gippsland Regional Library Corporation

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| | - | 1,691 |

West Gippsland Regional Library Corporation

Background

Council had a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2021/22 (30.55% in 2020/21). The equity interest was calculated based on the proportion it contributes to the operating costs of the services.

Fair value of Council's investment in West Gippsland Regional Library Corporation

| | | |
|--|---|-------|
| | - | 1,691 |
|--|---|-------|

Council's share of accumulated surplus/(deficit)

| | | |
|--|---------|-------|
| Council's share of accumulated surplus(deficit) at start of year | 1,453 | 1,197 |
| Reported surplus(deficit) for year | 69 | 132 |
| Transfers (to) from reserves | (44) | 124 |
| Distributions for the year | - | - |
| Gift and transfer of interest in WGRLC to MyLi | (1,478) | - |
| Council's share of accumulated surplus(deficit) at end of year | - | 1,453 |

Council's share of reserves

| | | |
|--|-------|-------|
| Council's share of reserves at start of year | 238 | 344 |
| Asset revaluation | (282) | 18 |
| Transfers (to) from reserves | 44 | (124) |
| Council's share of reserves at end of year | - | 238 |

Movement in carrying value of specific investment

| | | |
|--|---------|-------|
| Carrying value of investment at start of year | 1,691 | 1,541 |
| Share of surplus(deficit) for year | 69 | 132 |
| Share of asset revaluation | (282) | 18 |
| Distributions received | - | - |
| Gift and transfer of interest in WGRLC to MyLi | (1,478) | - |
| Carrying value of investment at end of year | - | 1,691 |

Council's share of expenditure commitments

| | | |
|--|---|----|
| Operating commitments | - | 38 |
| Capital commitments | - | - |
| Council's share of expenditure commitments | - | 38 |

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Notes to the Financial Report for the Year Ended 30 June 2022

6.3 Investment property

| |
|--|
| Balance at beginning of financial year |
| Fair value adjustments |
| Balance at end of financial year |

| 2022 | 2021 |
|------------|------------|
| \$'000 | \$'000 |
| 615 | 620 |
| 112 | (5) |
| <u>727</u> | <u>615</u> |

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise.

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by Andrew Begg, AAPI (council employee) who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

South Gippsland Shire Council is the parent entity.

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in Note 6.2.

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of South Gippsland Shire Council. The Councillors, Chief Executive Officer and Directors are deemed KMP.

Details of KMP at any time during the year are:

| | | 2022 | 2021 |
|--|---|---------------------------------------|------|
| | | No. | No. |
| Councillors | Councillor Mohya Davies (Mayor) (from 16 November 2021) | 1 | |
| | Councillor Sarah Gilligan (from 16 November 2021) | 1 | |
| | Councillor Scott Rae (from 16 November 2021) | 1 | |
| | Councillor Jenni Keerie (from 16 November 2021) | 1 | |
| | Councillor Mick Felton (from 16 November 2021) | 1 | |
| | Councillor Nathan Hersey (from 16 November 2021) | 1 | |
| | Councillor John Schelling (from 16 November 2021) | 1 | |
| | Councillor Clare Williams (from 16 November 2021) | 1 | |
| | Councillor Adrian Darakai (from 16 November 2021) | 1 | |
| | Administrators | Julie Eisenbise (to 16 November 2021) | 1 |
| Christian Zahra AM (to 16 November 2021) | | 1 | 1 |
| Rick Brown (to 16 November 2021) | | 1 | 1 |
| Chief Executive Officer - Kerryn Ellis | | 1 | 1 |
| Chief Executive Officer and other Key Management Personnel | Acting Director - Performance and Innovation - Tracey Costello (to 3 November 2020) | | 1 |
| | Director - Performance and Innovation - Allison Jones | 1 | 1 |
| | Director - Sustainability Infrastructure - Anthony Seabrook | 1 | 1 |
| | Director - Economic and Community - Renae Littlejohn (from 12 April 2021) | 1 | 1 |
| | Director - Economic and Community - Bryan Sword (to 1 February 2021) | | 1 |
| Total Number of Councillors | 9 | - | |
| Total Number of Administrators | 3 | 3 | |
| Total of Chief Executive Officer and other Key Management Personnel | 4 | 6 | |
| Total Number of Key Management Personnel | 16 | 9 | |

(c) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

| | 2022 | 2021 |
|--------------------------|--------------|--------------|
| | \$ | \$ |
| Short-term benefits | 1,297 | 1,242 |
| Long-term benefits | 23 | 27 |
| Post employment benefits | 106 | 179 |
| Total | 1,426 | 1,448 |

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

| | 2022 | 2021 |
|-----------------------|-----------|----------|
| | No. | No. |
| \$10,000 - \$19,999 | 7 | - |
| \$20,000 - \$29,999 | 1 | - |
| \$30,000 - \$39,999 | 2 | - |
| \$40,000 - \$49,999 | - | - |
| \$50,000 - \$59,999 | 1 | 1 |
| \$60,000 - \$69,999 | 1 | - |
| \$70,000 - \$79,999 | - | 1 |
| \$80,000 - \$89,999 | - | 2 |
| \$150,000 - \$159,999 | - | - |
| \$160,000 - \$169,999 | - | 1 |
| \$170,000 - \$179,999 | - | 1 |
| \$220,000 - \$229,999 | 1 | - |
| \$240,000 - \$249,999 | - | 2 |
| \$250,000 - \$259,999 | 2 | - |
| \$310,000 - \$319,999 | - | 1 |
| \$330,000 - \$339,999 | 1 | - |
| Total | 16 | 9 |

Notes to the Financial Report for the Year Ended 30 June 2022

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000

The number of Senior Officers are shown below in their relevant income bands:

Income Range:

| |
|-----------------------|
| Below \$151,000 |
| \$151,000 - \$159,999 |
| \$160,000 - \$169,999 |
| \$170,000 - \$179,999 |
| \$180,000 - \$189,999 |
| \$190,000 - \$199,999 |

| 2022 | 2021 |
|----------|----------|
| No. | No. |
| - | 2 |
| - | 3 |
| - | 2 |
| 5 | - |
| 1 | 1 |
| 1 | - |
| 7 | 8 |
| 1,246 | 1,221 |

Total Remuneration for the reporting year for Senior Officers included above, amounted to:

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties.

Total received for sales of goods & services from related parties

There were 142 transactions during the current period with one related party for contractor services to BJ's Earthmoving. The total of these transactions was \$1,962,654, and were made on standard terms through an open tender process. The Councillor with the business interest in the related party was not present during meetings and did not vote during the open tender process.

Contributions paid to West Gippsland Regional Library Corporation

Administrator Julie Eisenbise was a member of the Victorian Local Government Grants Commission. Council received Financial Assistance grants for 2022 allocated by the commission prior to term ending in November 2021.

| 2022 | 2021 |
|--------|--------|
| \$'000 | \$'000 |
| 1 | - |
| 1,963 | - |
| 1,494 | 1,472 |
| 5,601 | 10,015 |

All transactions are in line with normal commercial practice.

(b) Outstanding balances with related parties

Included in trade and other payables is \$16K (2021 - Nil) owing to related parties for purchase of goods & services

(c) Loans to/from related parties

There were no loans in existence at balance date that have been made, guaranteed or secured by the council to a related party.

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party was \$1.5M (2021 - \$1.5M) in relation to the West Gippsland Regional Library Corporation.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

(a) Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. At balance date the Council are not aware of any contingent assets.

(b) Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- present obligations that arise from past events but are not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Landfill

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. At balance date, Council has made necessary provisions for the rehabilitation of Landfills that are currently in operation. However, the estimates of provision required is dependent on the accuracy of the forecast, timing of work, work required and related costs.

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

MAV Workcare

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect participating members.

(c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

Council has the following bank guarantees with Commonwealth Bank of Australia for contract performance and security deposits.

| Description | Favouree | Amount |
|----------------------------|----------------------------------|------------------|
| Security Deposit Guarantee | Environment Protection Authority | \$425,000 |
| Security Deposit Guarantee | Environment Protection Authority | \$451,296 |
| Total | | \$876,296 |

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

Notes to the Financial Report for the Year Ended 30 June 2022

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. Council assesses the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables), and TCV borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

Notes to the Financial Report for the Year Ended 30 June 2022

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations.

To help manage this risk:

- council have a policy for establishing credit limits for the entities council deal with;
- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 6% and -1% in market interest rates (AUD) from year-end rates of 1.38%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

Notes to the Financial Report for the Year Ended 30 June 2022

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis every 2 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 9 Other matters

| Reserves | Balance at beginning of reporting period | Increment (decrement) | Share of increment (decrement) on revaluation of Buildings by an associate | Balance at end of reporting period |
|---|--|-----------------------|---|---------------------------------------|
| 9.1 (a) Asset revaluation reserves | \$'000 | \$'000 | \$'000 | \$'000 |
| 2022 | | | | |
| Property | | | | |
| Land and land improvements | 50,283 | 19,701 | - | 69,984 |
| Land under roads | 1,756 | 7,662 | - | 9,418 |
| Investment in associates | 194 | - | (194) | - |
| Buildings | 39,782 | 29,580 | (88) | 69,274 |
| Heritage buildings | 1,387 | 2,457 | - | 3,844 |
| Plant & Equipment | 386 | - | - | 386 |
| | <u>93,788</u> | <u>59,400</u> | <u>(282)</u> | <u>152,906</u> |
| Infrastructure | | | | |
| Roads | 236,764 | 43 | - | 236,807 |
| Bridges | 3,240 | - | - | 3,240 |
| Major Culverts | 1,597 | - | - | 1,597 |
| Drainage | 8,140 | - | - | 8,140 |
| Footpaths and cycleways | 4,965 | 318 | - | 5,283 |
| Kerb & Channel | 16,989 | - | - | 16,989 |
| Car parks | 1,809 | - | - | 1,809 |
| Land Stabilisation | 2,079 | - | - | 2,079 |
| Other infrastructure | 1,811 | 9 | - | 1,820 |
| | <u>277,394</u> | <u>370</u> | <u>-</u> | <u>277,764</u> |
| Total asset revaluation reserves | <u>371,182</u> | <u>59,770</u> | <u>(282)</u> | <u>430,670</u> |
| 2021 | | | | |
| Property | | | | |
| Land and land improvements | 40,477 | 9,806 | - | 50,283 |
| Land under roads | - | 1,756 | - | 1,756 |
| Investment in associates | 194 | - | - | 194 |
| Buildings | 37,568 | 2,196 | 18 | 39,782 |
| Heritage buildings | 1,375 | 12 | - | 1,387 |
| Plant & Equipment | 386 | - | - | 386 |
| | <u>80,000</u> | <u>13,770</u> | <u>18</u> | <u>93,788</u> |
| Infrastructure | | | | |
| Roads | 236,764 | - | - | 236,764 |
| Bridges | 3,240 | - | - | 3,240 |
| Major Culverts | 1,597 | - | - | 1,597 |
| Drainage | 8,140 | - | - | 8,140 |
| Footpaths and cycleways | 4,719 | 246 | - | 4,965 |
| Kerb & Channel | 16,989 | - | - | 16,989 |
| Car parks | 1,809 | - | - | 1,809 |
| Land Stabilisation | 2,079 | - | - | 2,079 |
| Other infrastructure | 1,811 | - | - | 1,811 |
| | <u>277,148</u> | <u>246</u> | <u>-</u> | <u>277,394</u> |
| Total asset revaluation reserves | <u>357,148</u> | <u>14,016</u> | <u>18</u> | <u>371,182</u> |

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Notes to the Financial Report for the Year Ended 30 June 2022

| | Balance at beginning of reporting period \$'000 | Transfer from accumulated surplus \$'000 | Transfer to accumulated surplus \$'000 | Balance at end of reporting period \$'000 |
|---------------------------------|--|--|---|---|
| (b) Other reserves | | | | |
| 2022 | | | | |
| Public Open Space | 375 | 609 | (63) | 921 |
| Caravan Parks Reserve | - | 1,160 | (1,160) | - |
| Corner Inlet Reserve | 18 | - | (7) | 11 |
| Venus Bay Surf Life Saving Club | 150 | - | - | 150 |
| Total Other reserves | 543 | 1,769 | (1,230) | 1,082 |
| 2021 | | | | |
| Public Open Space | 106 | 384 | (115) | 375 |
| Caravan Parks Reserve | - | 777 | (777) | - |
| Corner Inlet Reserve | 18 | - | - | 18 |
| Venus Bay Surf Life Saving Club | 150 | - | - | 150 |
| Total Other reserves | 274 | 1,161 | (892) | 543 |

Public Open Space

Statutory reserve to be used for the future development of land for public purposes.

Caravan Parks Reserve

Reserve created for future funding of Caravan Parks projects

Corner Inlet Reserve

Reserve for maintenance of a seawall to protect private lands from flooding.

Venus Bay Surf Life Saving Club

Reserve to hold funds from a community capital works allocation to allow the club time to attract further funding from other agencies.

Notes to the Financial Report for the Year Ended 30 June 2022

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| Surplus/(deficit) for the year | 8,944 | 16,021 |
| Depreciation/amortisation | 12,162 | 12,248 |
| Borrowing costs | 21 | 15 |
| Profit/(loss) on disposal of property, infrastructure, plant and equipment | (212) | 1,164 |
| Write-off on disposal of infrastructure assets and work in progress | 3,882 | - |
| Investment in associates | (69) | (132) |
| Gift and transfer of interest in West Gippsland Regional Library Corporation to MyLi | 1,478 | - |
| Fair value adjustments for investment property | (112) | 5 |
| Contributions - Non-monetary assets | (1,629) | (3,176) |
| Found assets | (410) | (422) |
| <i>Change in assets and liabilities:</i> | | |
| (Increase)/decrease in trade and other receivables | (1,023) | (332) |
| (Increase)/decrease in prepayments | (108) | 94 |
| (Increase)/decrease in inventories | 34 | (2) |
| Increase/(decrease) in trust funds and deposits | 25 | 148 |
| Increase/(decrease) in trade and other payables | 3,176 | 232 |
| (Decrease)/increase in unearned income /revenue | (29) | 2,366 |
| (Decrease)/increase in employee entitlements | (223) | 971 |
| (Decrease)/increase in landfill provision | 1,716 | 100 |
| Net cash provided by/(used in) operating activities | 27,623 | 29,300 |

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Notes to the Financial Report for the Year Ended 30 June 2022

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.8%. The financial assumptions used to calculate the VBI were:

- Net investment returns 4.75% pa
- Salary information 2.75% pa
- Price inflation (CPI) 2.25% pa.

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2022.

Vision Super has advised that the VBI at 30 June 2022 was 102.2%. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). The financial assumptions used to calculate this VBI were:

- Net investment returns 5.5% pa
- Salary information 2.5% pa to 30 June 2023, and 3.5% pa thereafter
- Price inflation (CPI) 3.0% pa.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2021 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

(a) Regular contributions

On the basis of the results of the 2021 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

(b) Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Notes to the Financial Report for the Year Ended 30 June 2022

The 2021 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2021 and the last full investigation was conducted as at 30 June 2020.

The Fund's actuarial investigation identified the following for the Defined Benefit category of which Council is a contributing employer:

| | 2021 (Interim) \$m | 2020 (Triennial) \$m |
|---|--------------------------|----------------------------|
| - A VBI Surplus | 214.7 | 100.0 |
| - A total service liability surplus | 270.3 | 200.0 |
| - A discounted accrued benefits surplus | 285.2 | 217.8 |

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2021.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2021.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2021.

Council was notified of the 30 June 2021 VBI during August 2021 (2020: August 2020).

The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2022 are detailed below:

| Scheme | Type of Scheme | Rate | 2022 \$'000 | 2021 \$'000 |
|--------------|------------------|----------------------|----------------|----------------|
| Vision super | Defined benefits | 10.0% (2021:9.5%) | 78 | 87 |
| Vision super | Accumulation | 10.0% (2021:9.5%) | 2,444 | 2,306 |

There were no contributions outstanding as of 30 June 2022 (\$115K outstanding as of 30 June 2021) and no loans issued from or to the above schemes as at 30 June 2022 (no loans issued as of 30 June 2021).

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$75K.

10 Change in accounting policy

There have been no changes to accounting policies in the 2021-22 year.



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