

SOUTH GIPPSLAND SHIRE COUNCIL

Annual Report 2022/23




Report for the year ending 30 June 2023



South Gippsland
Shire Council


Our Contact Information

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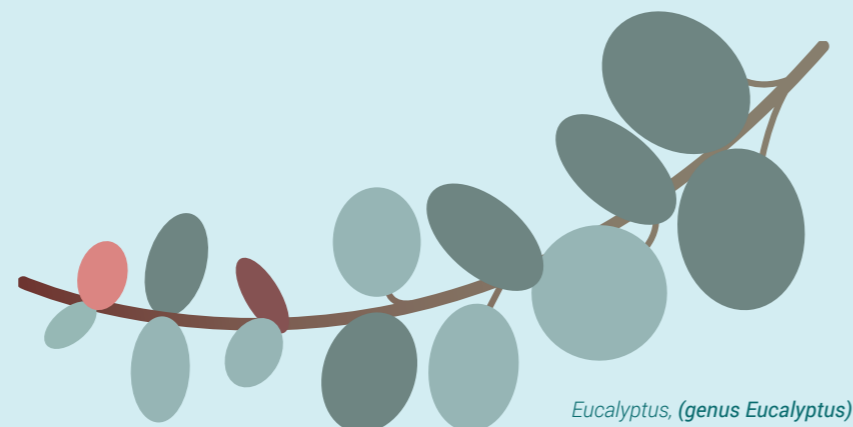
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 www.facebook.com/southgippslandshirecouncil

Acknowledgement 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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OUR REGION

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Koonwarra

About our Annual Report

South Gippsland Shire Council's 2022/23 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. The 2022/23 Annual Report is also a reflection of the tremendous work we've done over the past 12 months, which this year has been some of our best.

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.

How to Read the Report

Our Annual Report is divided into six broad sections:

Report Overview

This section contextualises the Annual Report, provides a snapshot of the Shire, provides an overview of the year, and introduces our Councillors.

Our Performance – An Overview

This is a financial update and details information about Council's major capital works. This section also reviews progress towards achieving the objectives outlined in our Council Plan.

Our Organisation

This provides an overview of our organisational structure and staff.

Our Performance

This section is grouped in accordance with our Council Plan themes. It outlines our performance in a range of activities and includes a review of our budget-funded services and prescribed performance measures.

Our Governance

This section outlines our legislative obligations and details our democratic and internal governance practices. This section also includes statutory information required by various pieces of legislation.

Financial Statements and Performance Statement

These have been prepared in accordance with the *Local Government Act 2020* and audited by the Victorian Audit-General's Office (VAGO) and the Local Government Performance Reporting team.



Our Vision Statement

South Gippsland: celebrating our First Peoples, diverse populations, culture, heritage, environment, agriculture and industries. We support and empower positive change through education and action. We sustainably adapt to protect and enhance our unique natural environment, towns and villages through community-led planning and initiatives. We're an inclusive community, a place where people come to visit and want to stay.

Our Values

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








About South Gippsland

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

South Gippsland spans 3,308 square kilometres of agriculturally-rich land which is used for dairy, beef, sheep and vegetable production. Viticulture, fishing and tourism also contribute significantly to the local economy.

Key attractions include the Port Welshpool Long Jetty, Cape Liptrap Coastal Park, Coal Creek Community Park and Museum, the Great Southern Rail Trail, the Grand Ridge Rail Trail and, of course, the iconic Wilsons Promontory National Park.

Regional Statistics

-  30,680 residents live in South Gippsland.
-  12,234 people work in South Gippsland.
-  35,869 forecast population by 2036 in South Gippsland.
-  Population density of 9.22 people per square kilometre.
-  Almost half, or 49.2 per cent of the population is aged 50 or over.
-  820 kilometres of sealed roads.
-  1,280 kilometres of unsealed roads.

Our Economy

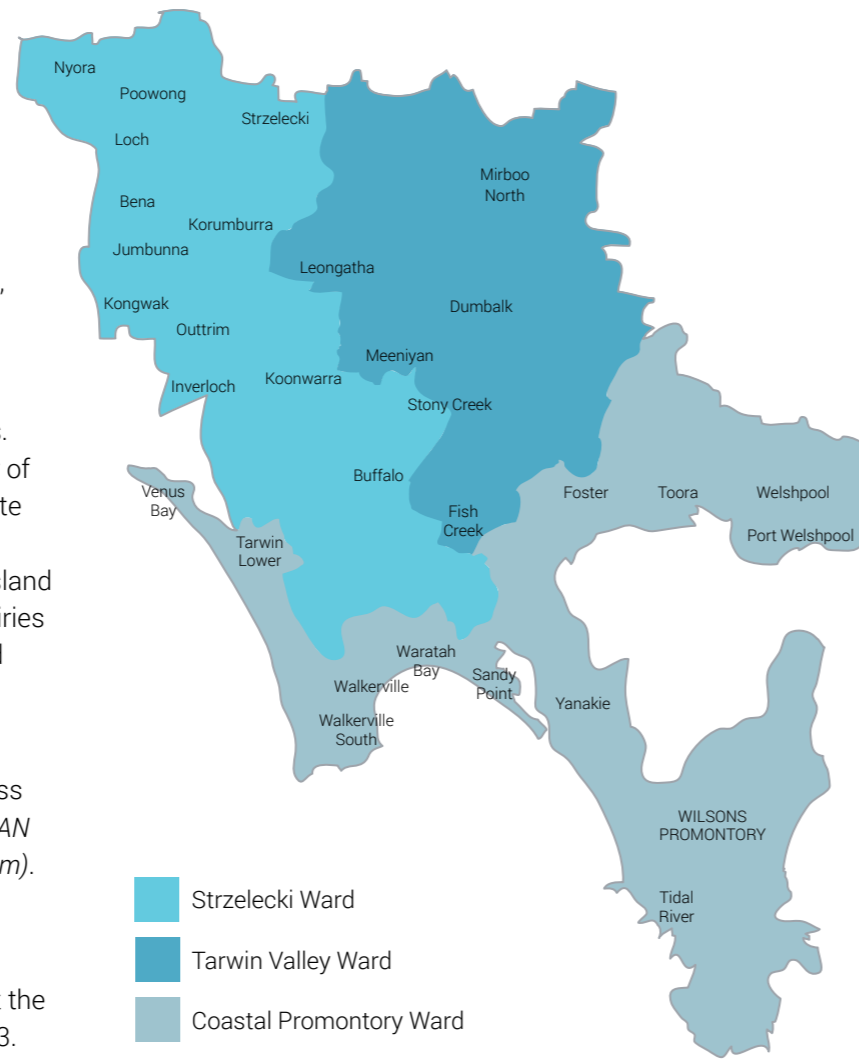
The past year has seen the South Gippsland economy emerge from the COVID-19 pandemic, with businesses demonstrating their resilience and capability. There were also new challenges such as a significant rise in the inflation rate, weather conditions and international influences. These factors saw impacts to costs, availability of materials and constraints on milk supply. Despite these factors, the South Gippsland economy maintained its strength overall and South Gippsland Shire 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 almost \$4.1 billion and Gross Regional Product of \$1.9 billion (Source: REMPLAN Economy Economic Modelling and Planning System). This is notably high for a population of our size.







After rising during the COVID-19 pandemic, the unemployment rate was very stable throughout the past year finishing at 2.5 per cent in March 2023. This is remarkably low by historic standards and was lower than the Victorian average of 3.7 per cent. South Gippsland maintained its position of the lowest or equal lowest unemployment rate in Gippsland, which it has held for many years.

The level of consumer spending increased over the year by approximately 6 per cent (Spendmapp data provided by Geografia). This was fuelled by an increase in both residents shopping locally and visitor spending. Not surprisingly following the pandemic, escape expenditure by residents increased significantly during the first half of the year but then fell during the later part.

Visitor spending was particularly affected during the pandemic, but has seen a marked return. During January 2023 visitors spent almost \$20 million, the highest monthly figure recorded and was 57 per cent higher than the pre-COVID figure recorded in January 2020. A notable impact this year was the significant spend by visitors at local events such as the Mirboo North Italian Festa and Loch Food and Wine Festival. South Gippsland has approximately 1.2 million visitors per year and they accounted for 44 per cent of consumer spending during the year across the Shire. This is even more significant in the Shire's smaller towns.



Key Figures

-  \$4.1 billion annual economic output.
-  \$1.9 billion gross regional product.
-  2.5 per cent unemployment rate. (lower than the Victorian average of 3.7 per cent)
-  4,000 businesses. (including more agriculture, forestry and fishing businesses than any local government area in Victoria)
-  6 per cent increase in consumer spending.
-  1.2 million visitors per year



Message from the Mayor

Representing the South Gippsland community is an honour and a privilege. All Councillors undertake the role of Councillor with a strong focus on our community and take the role very seriously.

With a focus on delivering for our community, seeing projects and strategies that have been endorsed at Council completed or successfully implemented, is extremely satisfying.

I am proud to present the 2022/23 Annual Report to our local community and I am even more proud of what it represents, which is Council delivering on behalf of our community. Throughout the year, and on a number of occasions, I've shared my belief that our best chance of success is through partnership and by the community speaking up and putting forward ideas and feedback.

This report represents our community doing just that. The projects that have been delivered and the plans that have been developed would not have been possible without community support. I would like to thank everyone who engaged with Council at any point during the year. Whether it was by writing an email, completing a survey or joining a Mayor and Deputy Mayor catch up or Councillor drop-in, you have contributed to the actions that are outlined in this report, and I thank you for the contribution.

During 2022/23, Council completed a number of community consultations that were supported by Councillors. The largest was the Coastal Strategy engagement. The first round of consultation for the Strategy attracted 770 respondents via six community pop-ups, an online information session, stakeholder discussions, an online survey and a community dialogue featuring 22 representatives from local community groups and associations. It was a terrific response and it was great to see South Gippsland support the Strategy in such substantial numbers.

Council had significant advocacy success in 2022/23 with a number of priorities fully or partially funded.



This success was due to strong lobbying by Council which involved numerous meetings with politicians and political advisors from both sides of government in Canberra, Melbourne and in Leongatha. The engagement with other levels of government has increased significantly during this term of Council and it is our community that are seeing the benefits.

We were pleased to have seen success in connectivity, with Fibre to the Premises upgrades occurring in Leongatha, Korumburra and Mirboo North and blackspot improvements funded in Walkerville. Our advocacy efforts also contributed to success in the Early Years Infrastructure area with a new early learning centre secured for Korumburra in addition to funding support for a planning report to prepare for an updated facility in Mirboo North. We also received \$80,000 from the Victorian Government for the development and coordination of a business case to investigate a Venus Bay Salt Marsh project.

The delivery of one of Council's largest ever capital works programs is also an area of success that deserves celebration. In 2022/23 Council delivered one of South Gippsland's largest ever capital works programs. Projects such as the completion of the Leongatha Early Learning Centre, the Foster Showgrounds irrigation project, a new sealed boat ramp car park in Port Welshpool and – of course – the completion of the extension of the Great Southern Rail Trail between Korumburra and Nyora are projects that will benefit our residents for years to come. We look forward to continuing this strong capital works program into 2023/24 and to delivery more benefits for our local community.

The 2022/23 year has featured many successes and I would like to thank my councillors for their support and for their collegiate approach to local government. This year marks our second year as a Council, and we have learnt so much since we were elected to Council in November 2021.

I would also like to thank our Chief Executive Officer, Kerryn Ellis, the Executive Leadership Team comprising of Allison Jones, Renae Littlejohn and Tony Peterson and importantly, thank you to all Council Officers and staff for the work that has been done to deliver on Council's priorities and for their ongoing support.

There is still more for us to do – and to learn – but we have laid solid foundations for success and we look forward to working together and building.

Cr Nathan Hersey
Mayor
South Gippsland Shire Council



Councillors and Council staff on a Manufacturing Tour



Our Councillors

Back Row (L to R): Cr Scott Rae, Cr Clare Williams (Deputy Mayor), Cr Sarah Gilligan, Cr John Schelling, Cr Michael (Mick) Felton.

Front Row (L to R): Cr Jenni Keerie, Cr Nathan Hersey (Mayor), Cr Mohya Davies, Cr Adrian Darakai.

Councillors – Coastal Promontory Ward



A Gippy girl born and bred, Mohya is passionate about our region.

Mohya and her husband John live on a farm that overlooks the iconic Wilsons Promontory. While running the farm, they raised six children including two daughters they adopted from Ethiopia. They are now proud grandparents to nine grandchildren, eight of whom still call Gippsland home.

Cr Mohya Davies

Elected: November 2021

☎ 0484 926 093

✉ Cr.mohya.davies@southgippsland.vic.gov.au

Mohya previously served on Council from 2008 until 2016 and decided to run for re-election to help return trust and respect to South Gippsland Shire Council after a period of administration. She believes that our community deserved a Council they are proud of, that builds on relationships based on cooperation and teamwork between Councillors, Council staff and the community.



Sarah and her family moved to Venus Bay to embrace a simpler life connected to nature and found so much more than just a beautiful place to live, they found a community to belong to.

Sarah became a Councillor to give a voice to the Coastal Promontory region of South Gippsland and has never looked back.

Cr Sarah Gilligan

Elected: November 2021

☎ 0484 921 547

✉ Cr.sarah.gilligan@southgippsland.vic.gov.au

She is inspired by South Gippsland's 28 communities, is passionate about the region and wants to ensure investment goes where it is needed most, advocating for all levels of government to work together.

When making decisions Sarah always focuses on the future generations of South Gippsland and believes we are well placed as a region to be leaders not laggards.



Scott was wanting to find a slower pace and open space, which he found in South Gippsland.

With eclectic professional experience, Scott has a wide range of skills that have served him well throughout life.

He was inspired to run for Council to give a voice for common sense, and to protect small business, our agriculture industry and the right to farm in South

Cr Scott Rae

Elected: November 2021

☎ 0484 929 738

✉ Cr.scott.rae@southgippsland.vic.gov.au

Gippsland. What you see is exactly what you get with Scott – maybe that's part of his common-sense approach.

If Scott isn't doing his Councillor duties or running his farm, you'll find him on his property looking out at some of South Gippsland's most attractive sights including Wilsons Promontory and Corner Inlet.

Councillors – Strzelecki Ward



Mick grew up in the suburbs, not too far away from South Gippsland. He made the tree change in 2009 with his wife Nikki and sons Nathan and Bradley.

Like his fellow Councillors, Mick has been highly involved in his community over the years in addition to working full time.

Cr Mick Felton

Elected: November 2021

☎ 0484 941 411

✉ Cr.mick.felton@southgippsland.vic.gov.au

Mick was inspired to become a Councillor so he could represent and advocate for his community. He wanted to be part of a fresh start for the South Gippsland Shire and participate in a council that would help communities to thrive, and provide a voice for those he represents. Working as a united group, putting the past behind us and creating a strong future for South Gippsland.



Nathan has a strong love for Gippsland and an even stronger passion for serving others.

Married to Lucy and with a son, Nathan permanently moved his young family to Loch in 2019 where he quickly became involved in the community before nominating for council in 2021 and subsequently being elected.

Nathan has strong experience in

politics and also owns a farming operation where he breeds highland cattle.

It is his greatest privilege to represent his local community, and to advocate on important local issues, using his experience in business, agriculture, government, and politics to inform policy and contribute to the future of South Gippsland.

Cr Nathan Hersey (Mayor)

Elected: November 2021

☎ 0458 974 564

✉ Cr.nathan.hersey@southgippsland.vic.gov.au



Originally from central Queensland, Jenni has settled in well to the cooler South Gippsland region that she has adopted as her home.

When asked what inspired her to become a Councillor, she said that it was working for her community. She knew that South Gippsland deserved committed representation and that her skills and experience could be beneficial to develop new plans and

frameworks that would set our region up for future growth and development, whilst also preserving the beauty of the environment that is special to us all.

Jenni is passionate about creating and maintaining positive, collaborative relationships to achieve strong outcomes and relishes the opportunity to continue that with the Councillor group.

Cr Jenni Keerie

Elected: November 2021

☎ 0484 919 264

✉ Cr.jenni.keerie@southgippsland.vic.gov.au

Councillors – Tarwin Valley Ward



Adrian was born in Poowong and grew up there on a farm for the first 18 years of his life before heading to the big smoke to study and work.

South Gippsland called him back though, and he is now settled and happy with his wife Emily in Leongatha.

Adrian was inspired to run for Council to be a positive alternative for the

South Gippsland community. With two of his relatives being heavily involved in Gippsland councils many years ago, Adrian was aware how rewarding it would be to be part of positive change. Adrian wants nothing more than to represent his community at a local government level where he can see the results of decisions first-hand.

Cr Adrian Darakai

Elected: November 2021

☎ 0484 919 887

✉ Cr.adrian.darakai@southgippsland.vic.gov.au



John is South Gippsland born-and-bred, which is never more evident than if you walk through the street with him.

John is passionate about the diversity of South Gippsland, the richness of our farming land and the fabulous coastal areas and forests we have at our doorstep.

He has been married to Dianne for over 40 years and together have

four children and nine grandchildren.

As for what inspired him to become a Councillor – John wanted to help restore trust in Council and the Councillors that represented the community. Restoring the respect of South Gippsland amongst other local governments was also of importance to him.

Cr John Schelling

Elected: November 2021

☎ 0418 595 346

✉ Cr.john.schelling@southgippsland.vic.gov.au



Clare grew up in country New South Wales before she caught the travel bug and found South Gippsland with her partner BJ.

Everything Clare does is for her kids. They inspire her to take on challenges and new things to help give them a positive example and a better life. One of those was becoming a Councillor.

Clare wanted to be part of strategic planning on how South Gippsland develops and changes for the better. She watched people on Council miss their opportunity to contribute positively to their community and wanted to support Council to move forward from this and take advantage of those opportunities, and build confidence between Council and the community.

Cr Clare Williams (Deputy Mayor)

Elected: November 2021

☎ 0484 918 850

✉ Cr.clare.williams@southgippsland.vic.gov.au



OUR ORGANISATION

- MESSAGE FROM THE CHIEF EXECUTIVE OFFICER
- OUR EXECUTIVE LEADERSHIP TEAM
- OUR ORGANISATIONAL STRUCTURE
- OUR PEOPLE



Main Office during the Candlelight Vigil

Message from the Chief Executive Officer

It is my pleasure to present the South Gippsland Shire Council Annual Report for the 2022/23 financial year. This was a particularly busy and productive year for Council, filled with many accomplishments completed in partnership with, and for, the South Gippsland community.

We were particularly pleased to deliver our largest ever capital works program during 2022/23. Approximately \$34 million in projects were delivered with significant construction occurring across our region. Key projects included the completion of the Leongatha Early Learning Centre, a new Korumburra Community Hub which is close to completion, a reconfigured and sealed boat ramp in Port Welshpool, an irrigation and drainage project at the Foster Showgrounds, a new pontoon for the Toora Jetty and a new skate park and half basketball court in Venus Bay.

These projects were delivered in an environment of significant economic challenges which caused difficulties in sourcing building materials, labour and competitive quotations. Despite these challenges, we succeeded in delivering this exciting range of projects on behalf of our community.

Many of these projects were completed with partial or full funding support from the Victorian and Australian governments and we thank them for their ongoing support.

Operationally, there were also many successes of which I am particularly proud of. Our workforce turnover statistics, which represents the number of permanent staff resignations and terminations during this financial year, dropped to 9.6 per cent in 2023 from 12.8 per cent in 2020. This positive change reflects the investment we have made in our people and our commitment to providing ongoing learning and development opportunities for staff. This turnover rate is our lowest for many



years and it is one that we will continue to work on through the promotion of workplace flexibility and by providing mentoring, coaching and team development opportunities. Developing and retaining capable and skilled staff is critical to our ability to deliver for our community, and an area that will continue to receive significant focus.

We were also thrilled to win an LGPro Award in the *Corporate and Community Planning* category. The award recognised our Shaping South Gippsland project, which was a significant community engagement project that helped to deliver Council's Community Vision and four-year Council Plan. The project was delivered over eight months and involved nine pop-ups at community events, two school pop-ups, surveys and workshops, as well as extensive online engagement.

Achieving this award, and being recognised in this category, reflects the direction of our organisation and our commitment to involving the South Gippsland community in our decision-making process. Our improvement in this area is also reflected in our community satisfaction results, which show an upward trend in a number of key areas.

Our best result was in the Overall Council Direction category, where a score of 61 was achieved. This is 10 points higher than last year's result, 17 points higher than the average for rural councils of a similar size and 15 points higher than the state-wide average. Community decisions were also ranked highly, with South Gippsland achieving a score of 54 which is six points higher than councils of a similar size and three points higher than the state-wide average. This is a significant improvement, and it is gratifying to see that the community recognises and appreciates the efforts of Councillors and staff in these areas.

Finally, I'd like to congratulate South Gippsland's Mayor Cr Nathan Hersey, Deputy Mayor Cr Clare Williams and Councillors Mohya Davies, Adrian Darakai, Mick Felton, Sarah Gilligan, Jenni Keerie, Scott Rae and John Schelling for their work driving the direction of Council, connecting with our community, and for cohesively working together to achieve outcomes and support new strategies.

It is the Councillors' second year working together and they have enthusiastically embraced the challenges before them. They are united in their aim to represent our Shire professionally and courteously, and I look forward to supporting them in the year ahead.

A handwritten signature in black ink that reads "K Ellis".

Kerryn Ellis
Chief Executive Officer
South Gippsland Shire Council



Council staff at the LGPro Awards Night

Our Executive Leadership Team



The Council appoints a Chief Executive Officer to manage the day-to-day operations of South Gippsland Shire Council in accordance with the strategic directions of the Council Plan. The Chief Executive Office together with three directors, form an Executive Leadership Team that leads the organisation with support from department managers and staff.



Kerryn Ellis

Chief Executive Officer

Kerryn 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.

Prior to her position as Chief Executive Officer at South Gippsland Shire Council, Kerryn held the positions of Director Corporate Services at Victoria's Independent Broad-based Anti-corruption Commission and Director Corporate Performance at 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's Top 50 Public Sector Women in 2021.



Allison Jones

Director Performance and Innovation

Allison Jones is a highly accomplished, visionary, humble and collaborative senior executive in the local government sector.

With over 18 years experience delivering at the executive level and a track record in financial management, Allison has an engaging and empowering leadership style that is strong in governance and advocacy.



Renae Littlejohn

Director Economy and Community

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.



Tony Peterson

Director Sustainable Infrastructure

Tony has over 30 years' experience across private and local government sectors in all areas of infrastructure.

He holds a Bachelor Degree of Engineering (Civil), a Diploma of Project Management and is a graduate of LGPro's Emerging Leaders Program. He also has a Masters in Business Administration and is a Board Director of Gippsland Southern Health Service.

Council Organisational Chart

Council

Chief Executive Officer – Kerry Ellis

Director Performance and Innovation – Allison Jones

<p>MELISSA BAKER Manager Financial Strategy</p> <ul style="list-style-type: none"> Accounting Rates Valuations Risk and Procurement 	<p>SIMON DEAN Manager Digital and Technology</p> <ul style="list-style-type: none"> Business Analysis Information Management IT Systems and Support 	<p>RHYS MATULIS Coordinator Governance</p> <ul style="list-style-type: none"> Corporate Planning Corporate Reporting Council Business Council Support 	<p>MICHELLE JORGENSEN Manager People and Culture</p> <ul style="list-style-type: none"> Human Resources Learning and Development Occupational Health and Safety Payroll 	<p>NINA BARRY-MACAULAY Manager Customer Communications & Advocacy</p> <ul style="list-style-type: none"> Communications and Engagement Customer Service Marketing and Website Media / Social Media Advocacy
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Director Sustainable Infrastructure – Tony Peterson

<p>WENDY OLLINGTON Manager Infrastructure Maintenance</p> <ul style="list-style-type: none"> Bridges and Major Culverts Civil Construction Customer and Business Footpath, Kerb and Channel Plant and Fleet Roads, Drains and Storm Water 	<p>VACANT Manager Open Space and Environment</p> <ul style="list-style-type: none"> Biodiversity Parks and Gardens Public Amenities Vegetation 	<p>JARETH GOSS Manager Infrastructure Delivery</p> <ul style="list-style-type: none"> Building Maintenance Community Projects Design Development Referrals Engineering Projects 	<p>KATE REISKE Manager Infrastructure Planning</p> <ul style="list-style-type: none"> Asset Management Infrastructure Planning Property Sport and Recreation Sustainability Waste Management
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Director Economy and Community – Renae Littlejohn

<p>LUCAS GARDNER Manager Planning and Building Services</p> <ul style="list-style-type: none"> Building and Planning Planning Liaison Statutory Planning Strategic Planning 	<p>LYNDAL PETERSON Manager Community Health and Safety</p> <ul style="list-style-type: none"> Children and Family Services Enforcement Environmental Health Immunisation Local Laws Regional Assessment School Crossings 	<p>CHRISTIAN STEFANI Manager Economy, Community and Investment</p> <ul style="list-style-type: none"> Arts and Culture Coal Creek Community Park and Museum Community Strengthening Economic Development Emergency Management Social Planning Tourism Development and Visitor Services
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Our People

At South Gippsland Shire Council, our people are the key to our success. As such, it is important we strive to be an employer of choice and embed our values in everything that we do. They are: Accountability, Customer Focus and Excellence.

Employee Professional Development

In 2022/23, South Gippsland Shire Council delivered a comprehensive professional development program for staff through:

- Online or in-person training, webinars and conference events related to specific disciplines.
- Coaching and mentoring from within the organisation (through a structured coaching and mentoring program) and within the sector.
- Acting and secondment opportunities.
- Special Interest Groups where employees from numerous councils meet regularly to share learning, content and problem-solve common challenges together.
- A study assistance program that supports 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.

The professional development of our people is designed to ensure capabilities that maximise the delivery of services and outcomes for the

community are enhanced, as well as investing in the growth, achievement and development of all employees to build engagement, retention and commitment.

Occupational Health and Safety

South Gippsland Shire 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.
- Developing the skills and capability of staff representatives across various groups including Mental Health Champions, First Aiders, Emergency Wardens and Contact Officers.
- Active post-incident reviews and the implementation of safe work practices and engineering to prevent recurrence.
- Sharing the knowledge and lessons learned.
- The training and personal development of all employees remains a priority 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 on a needs basis.



Council staff in refurbished office

Equal Opportunity Employment Program

In line with the *Equal Employment Act 2010*, South Gippsland Shire 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.

South Gippsland Shire Council adopts a proactive approach to the prevention of discrimination through training, policy development, equal employment opportunities and the support provided through our trained Contact Officers.

Council regularly undertakes a thorough review of 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.

Over the months of February and March, Council delivered Respectful Behaviours training for all employees, along with a program designed specifically for leaders in the organisation, to ensure everyone is aware of and trained in their obligations with regard to the prevention of bullying, harassment and discrimination in the workplace.

Enterprise Agreement

South Gippsland Shire Council's Enterprise Agreement expired in June 2022, with negotiations for a new agreement commencing in March 2022.

The new *South Gippsland Shire Council Enterprise Agreement 2022* (the Agreement) went to a vote in November 2022, and achieved an 83 per cent 'yes' vote.

The Agreement was submitted to the Fair Work Commission in November and received approval in December 2022.

The new four-year Agreement came into operation on 26 December 2022 and has a nominal expiry date of 30 June 2026.

Health and Wellbeing

South Gippsland Shire Council has continued to support workplace health and wellbeing by:

- Evolving workplace arrangements since the COVID-19 pandemic.
- Developing a group of Mental Health First Aid Officers, Contact Officers and Mental Health Champions.
- Providing and delivering accredited training for leaders in Mental Health First Aid.
- Providing a range of supports through the Employee Assistance Program.
- Providing support programs which have been delivered in-person and online.

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

This is supported in the *Health, Safety and Wellbeing Strategic Plan 2022/23* which will focus on:

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

Gender Equality Act

South Gippsland Shire Council is undertaking a number of critical objectives in line with our obligations under the *Gender Equality Act 2020*. These include:

- Completing a second Workplace Gender Audit to assess our progress since the previous audit (undertaken in 2021) against 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.
- Progressing the initiatives outlined in South Gippsland Shire Council's four-year Gender Equality Action Plan.

The Gender Equality Action Plan is in its second year of implementation. Actions that have been progressed so far include:

- Promoting flexible work practices.
- Completion of a number of Gender Impact Assessments.
- Developing our internal trainer network for Active Bystander training.
- Partnering with neighbouring councils to promote and deliver Active Bystander training.
- Conducting analysis into identified pay gaps, to identify reasons for the gap in pay and its relationship with intersectional factors.
- Reviewing Council's Recruitment Policy with a gender lens to consider if any barriers to gender equality exist.
- Improving the review and reporting of employment data to provide gender disaggregated data to allow for deeper analysis and understanding of trends
- Enhancements to Council's parental leave provisions to support parents of all genders.
- Delivery of Gender Equality and Responding to Disclosures training for leaders.
- Design of a Learning and Development Framework.



Council staff collaboration



Councils Parks and Gardens team

Preventing Family Violence

Guided by South Gippsland Shire Council's *Gender Equity Action Plan*, a range of violence prevention initiatives have been commenced or completed, including:

- Family Violence Leave to support any employee that may require assistance.
- Supporting the community to address family violence issues.
- Commencing the deployment 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.
- Gender Equity and Bystander training equipping staff with the knowledge to:
 - › Understand how gender inequality can lead to violence against women.
 - › Learn how they can activate their skills as a bystander.
 - › Call-out inappropriate behaviour in the workplace.



16 Days of Activism Walk Against Family Violence

Employee Data

At 30 June 2023, South Gippsland Shire Council had 271.31 full-time equivalent (FTE) employees including ongoing, temporary and casual positions. The tables below break down these positions based on organisational structure, employment type, gender and banding.

Workforce Data by Full-Time Equivalent and Gender

Employment Type	Office of the CEO	Performance and Innovation	Sustainable Infrastructure	Economy and Community	Total 2021/22 FTE	Total 2022/23 FTE
Ongoing Full Time (FT)						
Female	4	35	17	31	87	87
Male	0	13	107	19	141	139
Total	4	48	124	50	228	226
Ongoing Part Time (PT)						
Female	0	5.49	3.68	18.14	25.44	27.31
Male	0	1.83	6.44	3.34	7.85	11.61
Total	0	7.32	10.12	21.48	33.29	38.92
Casual						
Female	0	2.08	0.51	0.62	5.58	3.21
Male	0	0.78	0.69	0.71	3.49	2.18
Total	0	2.86	1.2	1.33	9.07	5.39
Total Overall	4	58.18	135.32	72.81	270.36	270.31

Note: At 30 June 2023, South Gippsland Shire Council had 271.31 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, or leave replacement in sourcing of previous contracted services.

Workforce Data by Classification and Gender

Employment Classification	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8	All other EFT
Ongoing Full Time (FT)									
Female	0.0	0.0	2.0	8.0	13.0	26.0	8.0	10.0	9.0
Male	0.0	1.0	50.0	14.0	17.0	14.0	17.0	16.0	6.0
Total	0.0	1.0	52.0	22.0	30.0	40.0	25.0	26.0	15.0
Ongoing Part Time (PT)									
Female	2.8	0.0	1.1	3.3	2.5	5.8	5.7	1.5	0.0
Male	2.7	0.0	2.7	0.7	0.0	3.9	0.8	0.0	0.0
Total	5.5	0.0	3.8	4.0	2.5	9.7	6.5	1.5	0.0
Casual									
Female	0.1	0.0	0.5	2.2	0.0	0.0	0.4	0.0	0.0
Male	1.1	0.0	0.7	0.4	0.0	0.0	0.0	0.0	0.0
Total	1.2	0.0	1.2	2.6	0.0	0.0	0.4	0.0	0.0
Total Overall	6.7	1.0	57	28.6	32.5	49.7	31.9	27.5	15.0

REPORT OVERVIEW





- FINANCIAL OVERVIEW
- DESCRIPTION OF OPERATIONS
- CAPITAL WORKS
- COMMUNITY GRANTS



Leongatha Early Learning Centre

Financial Overview

Our financial position continues to remain sound. This is evidenced by:

-  \$96.7 million in income (up from \$89.7 last year).
-  \$76.3 million in expenditure (\$80.7 last year).
-  \$24.8 million in materials and services.
-  \$34.1 million on capital expenditure.

Detailed information relating to South Gippsland Shire Council's financial performance is included in the Annual Financial Report and Performance Statement included at the end of this report.

Operating Position

South Gippsland Shire Council's 2022/23 Comprehensive Income Statement highlights that Council returned a surplus of \$20.4 million (\$8.9 million in 2021/22). 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, and excludes net asset revaluation increments.

Finally, a review of South Gippsland Shire Council's asset valuations led to a revaluation increment of \$84.9 million mainly in the value of Council's road and bridge assets leading to a Comprehensive Income Statement surplus outcome of \$105.3 million.

Comprehensive Income Statement Income

South Gippsland Shire Council's operating income for 2022/23 was \$96.7 million (\$89.7 million in 2021/22).

Major categories of income include:

- Rates and charges income – \$48.2 million.
- Operating grants – \$20.0 million.
- Capital grants – \$14.8 million.
- Contributions of non-monetary assets, mainly from sub division activity – \$1.9 million.
- Other income – \$2.3 million.

Expenditure

Total operating expenditure for 2022/23 including depreciation was \$76.3 million (\$80.7 million in 2021/22).

Major categories of expenditure include:

- **Employee costs (\$29.0 million).** Employee and labour costs including salary-on costs such as WorkCover premium, provision for employee entitlements and South Gippsland Shire Council's superannuation contributions on behalf of employees.
- **Materials and services (\$24.8 million).** Included in this category are the following major costs relating to:
 - › Contractors – \$4.8 million.
 - › Materials – \$6.0 million.
 - › Waste contract expenditure – \$4.8 million.
- **Depreciation (\$11.4 million).** This reflects the reduction in the value of assets due to wear and tear and obsolescence. It has no impact on the cash position of South Gippsland Shire Council. Cash flow is impacted only at the time of purchase and sale of assets.
- **Other expenses (\$10.8 million).** Major items of expenditure in this category include \$7.0 million of assets written off during the year (non-cash) and a \$1.5 million library contribution.

Capital Expenditure

Council spent \$34.1 million on capital expenditure during the year. This comprised of:

- Renewal – \$27.9 million.
- Expansion – \$5.0 million.
- Upgrade – \$1.2 million.

Balance Sheet

This discloses South Gippsland Shire Council's net worth and clearly defines what 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 12 months, or cannot be deferred for greater than 12 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 (\$764 million) and represents the value of all the land, buildings, roads, vehicles, equipment, etc. which has been built up over many years.

Financial Sustainability Indicators

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

Adjusted Underlying Result

The five-year average result of 0.35 per cent indicates that South Gippsland Shire 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.

Liquidity

The working capital ratio, which assesses South Gippsland Shire 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 2.92 indicated in *Figure 2*, is a slight increase on the prior year result of 2.63 working capital capacity. This indicator conveys that for every \$1 of current liability, Council has \$2.92 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 2.99.

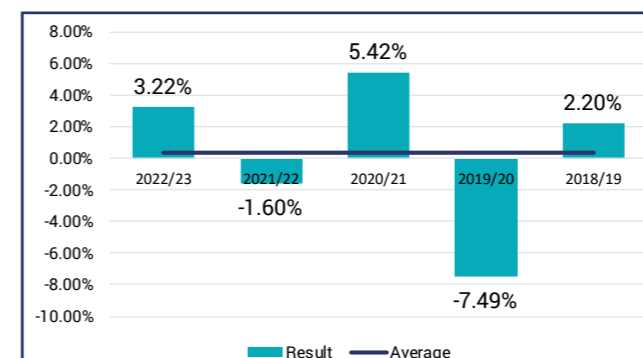


Figure 1: Adjusted Underlying Result

This indicates that South Gippsland Shire 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.

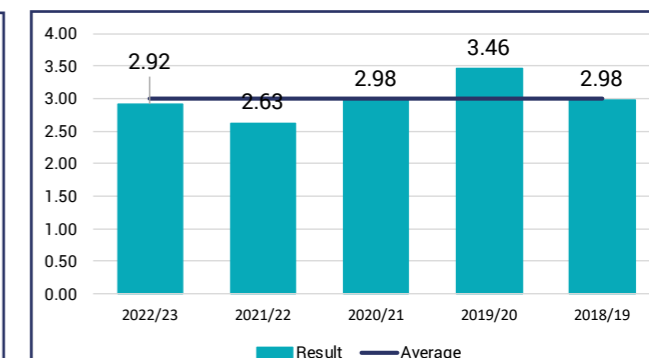


Figure 2: Liquidity Ratio

Obligations

South Gippsland Shire Council's borrowings have increased over the past two years due to the draw-down of loan facilities through Treasury Corporation Victoria.

The Community Infrastructure and Community Sports Infrastructure Loan Schemes were a State Government initiative which allowed local government organisations 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.

Despite that, South Gippsland Shire Council remains 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.

Asset Renewal

South Gippsland Shire Council aims to ensure it is able to maintain its infrastructure assets at the expected levels, while also continuing to deliver the services needed by the community. Council invested \$27.9 million in asset renewal in 2022/23 (\$24.6 million in 2021/22).

Council's capital replacement ratio in *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 1.84 exceeds the Victorian Auditor General's target of 1.5 which indicates there is a low risk of insufficient spending on asset renewal.

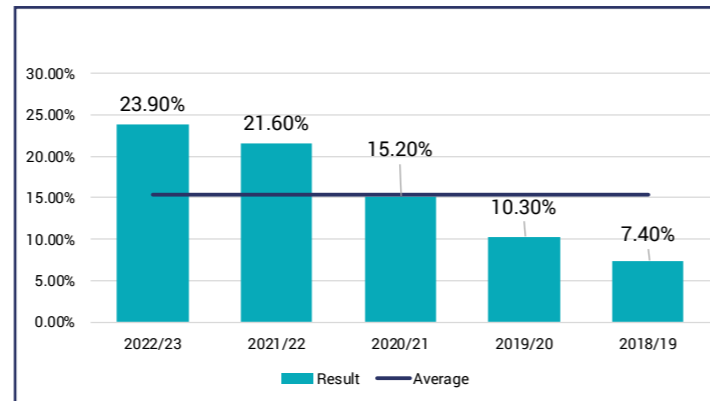


Figure 3: Indebtedness Ratio

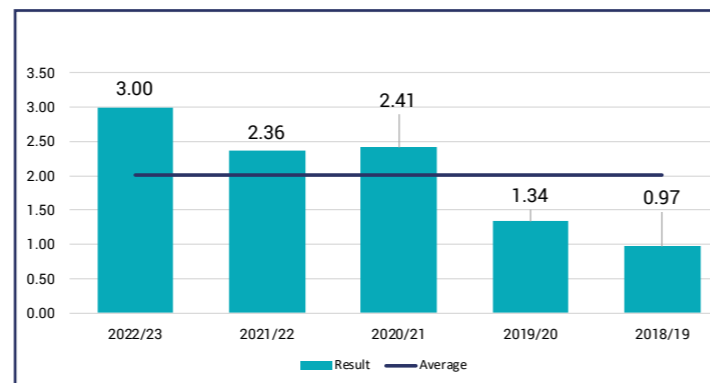


Figure 4: Capital Replacement ratio

Stability and Efficiency

South Gippsland Shire 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 61 per cent for the 2022/23 year. This is in the mid-range of the expected target band of 40 per cent to 80 per cent.

Description of Operations

South Gippsland Shire Council delivers more than 100 services for the South Gippsland community including:

- Children and family services;
- Sealed and gravel road maintenance;
- Open space and recreation services;
- Youth programs;
- Waste management;
- Business support;
- Land-use planning; and
- Customer service.

These services are delivered within a good governance framework and in accordance with *Council's Long-Term Financial Plan*.

South Gippsland Shire Council's vision, strategic objectives and initiatives are outlined in the *Council Plan 2022-2026* and supported by the *2022/23 Annual Budget*. Each of the objectives are measured by a set of performance indicators.

Council operates in accordance with the *Local Government Act 2020* and in-line with other Victorian and Commonwealth legislation.

Economic Factors

The increasing costs of inflation on materials and services coupled with escalating capital works costs continues to challenge South Gippsland Shire Council to find more efficient ways to deliver services within the rate-capped environment.

Major Changes

The most substantial change this year has been the completion of the term of the Municipal Monitor on 31 October 2022. Ms Prue Digby was appointed by the Minister of Local Government on 8 November 2021 for a period of 12 months.

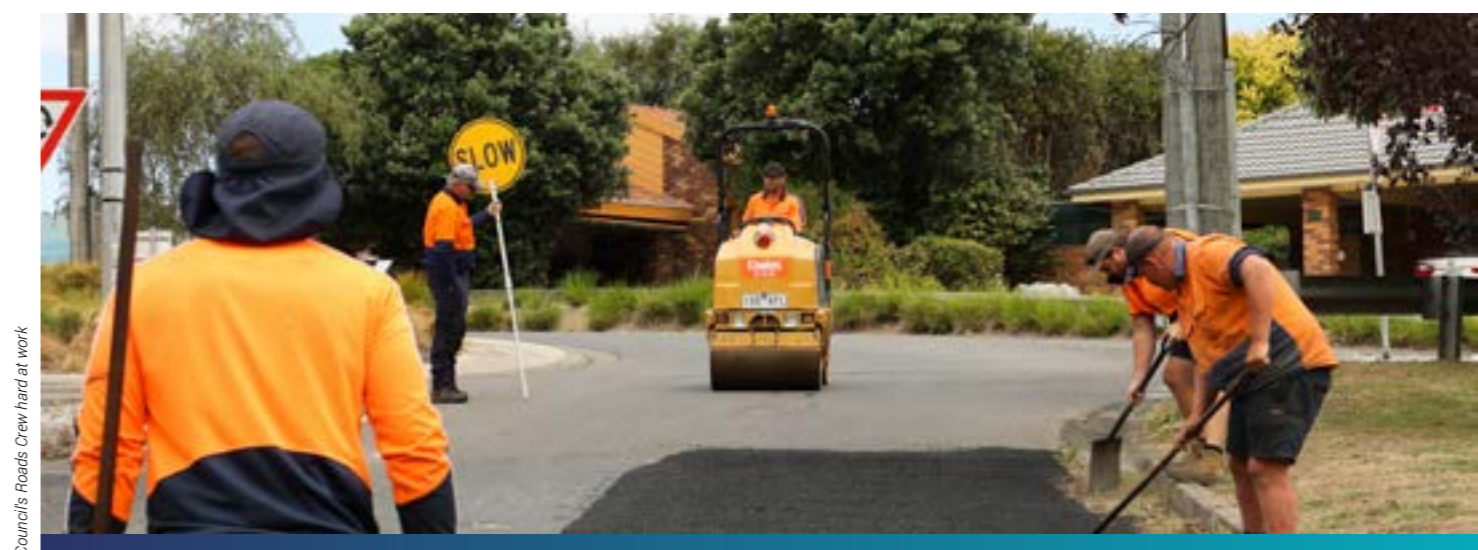
In Ms Digby's report to the Minister for Local Government in November 2022, Ms Digby noted:

"Council has worked very hard on forming a strong team that is based on professional relationships, values and behaviours. The Councillors have committed to systemically review the way in which they are working together, with management and the organisation and with the community in adhering to the agreed values and behaviours." and *"The Council has made a significant effort to rebuild the community's trust that the Council can provide good democratic leadership. Council has demonstrated that they are not only capable, but determined to, perform their statutory role effectively and provide good governance for the community of South Gippsland."*

Major Achievements

South Gippsland Shire Council delivered its largest ever capital works program of \$33.8 million, up 24 per cent from the previous years' spend of \$27.6 million. Major projects delivered this financial year included:

- Buildings – \$9.8 million, including the Leongatha Early Learning Centre
- Roads and Car Parks – \$14.4 million, including 14 completed projects and programs.



Council's Roads Crew hard at work

Capital Works

South Gippsland Shire Council delivered one of the largest capital works programs ever undertaken in 2022/23.

A total of 52 projects have been completed or are on-track at the end of the financial year. This represents 80 per cent of the 65 projects programmed for delivery in 2022/23.

Status as at 30 June 2023	Project Count
On Track	12
Behind Schedule	5
Hold	0
Carry Forward to 2023/24	6
Reassessed	2

Completed Bridge Projects

Bridge Rehabilitation Program.

Completed Building Projects

Coal Creek Minor Capital Works.

Fish Creek Pre-School Fence.

Foster Courthouse Works (Manna Gum).

Foster Golf Protection Net at Prom Coast Children's Centre.

Foster – Power Street Depot Refurbishment.

Leongatha Depot Workshop Cladding.

Leongatha Early Learning Centre.

Leongatha Main Office Refurbishment.

Leongatha Main Office Solar Installation.

Leongatha – Old Curves Roof Repairs.

Meeniyan Pre-School Access Improvements.

Completed Lighting Projects

Municipal Lighting Upgrade Phase Two.

Completed Path Projects

Footpath Renewal Program.

Footpath Extension Program.

Great Southern Rail Trail Extension – Leongatha to Nyora.

Completed Recreation Projects

Fish Creek Recreation Reserve Oval Lighting.

Foster Showgrounds Oval Upgrade and Irrigation.

Meeniyan Recreation Reserve Oval Lighting.

Playgrounds Renewal Program.

Toora Boat Ramp Jetty.

Toora Recreation Reserve Oval Lighting.

Venus Bay Skate Park.

Walter J Tuck (Mirboo North) Recreation Reserve Oval Lighting.

Completed Road and Car Park Projects

Blackspot Road Safety – Nyora and Bena.

Gardner Road Poowong Realignment.

Guardrail Renewal Program.

Leongatha Early Learning Centre Car Park.

Parking, Drainage and Road Improvements – Jones Street, Foster.

Port Welshpool Boat Ramp Car Park.

Road Reseal Preparation Program.

Road Reseal Program.

Sealed Road Rehabilitation – Falls Road, Fish Creek.

Sealed Road Rehabilitation – Ferriers Road, Loch.

Sealed Road Rehabilitation – Korumburra South Road.

Sealed Road Rehabilitation – Loch Poowong Road, Loch.

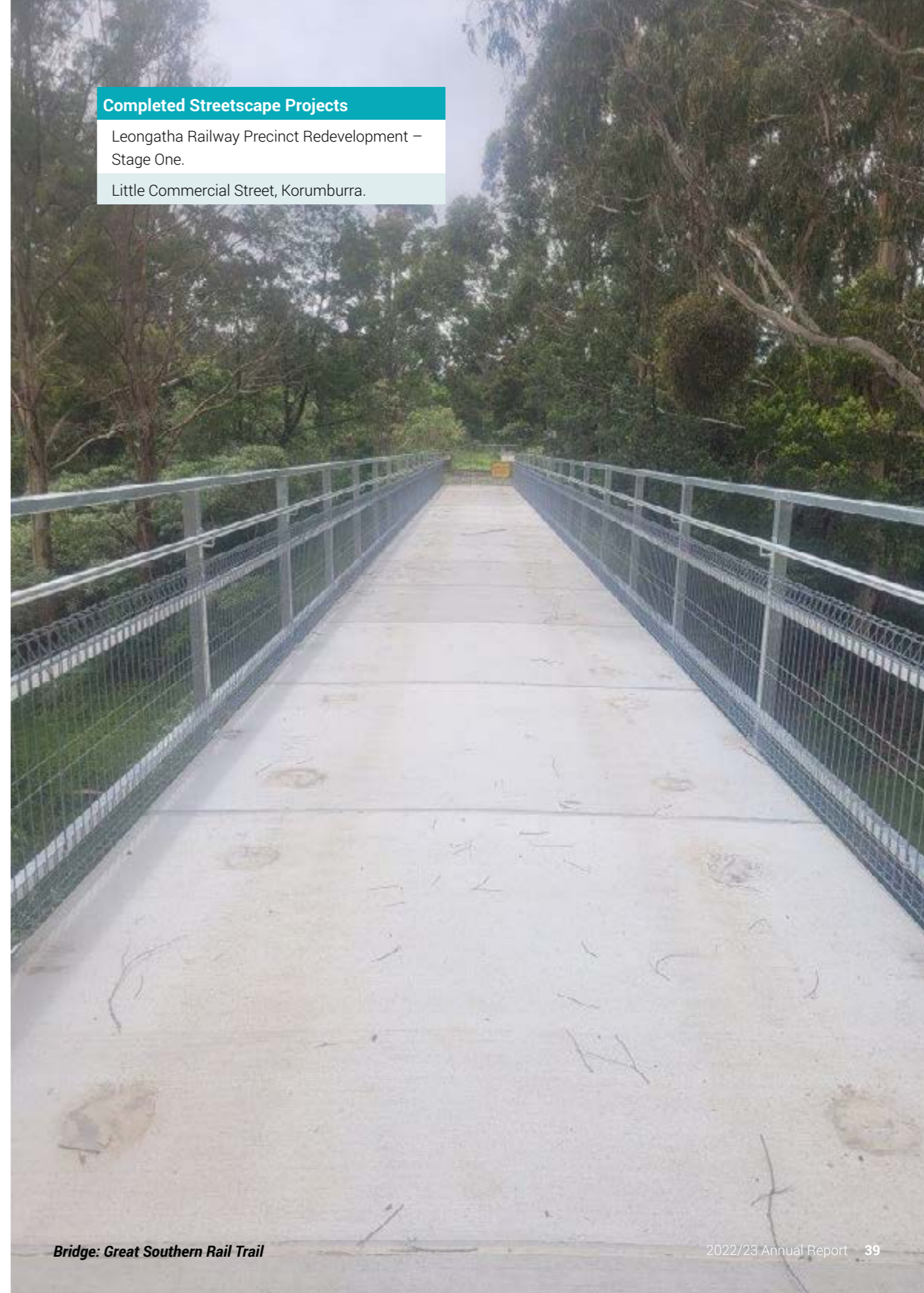
Sealed Road Rehabilitation – Mount Eccles Road.

Sealed Road Rehabilitation – South Road, Loch.

Completed Streetscape Projects

Leongatha Railway Precinct Redevelopment – Stage One.

Little Commercial Street, Korumburra.



Bridge: Great Southern Rail Trail

Community Grants

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.

2022/23 Community Grants Program (Round One)

Organisation	Project Details	Area	Approved Funding
Leongatha Little Athletics Club	All weather jump pit surface upgrade.	Leongatha	\$10,000
The Friends of the Mirboo North Swimming Pool Inc.	Mirboo North Swimming Pool Shade Sails.	Mirboo North	\$10,000
Leongatha Tennis Club	Leongatha Tennis Clay Court upgrade.	Leongatha	\$9,000
Meeniyan Golf Club Inc.	Fairways Revolution Stage Three to upgrade fairways 11, 13, 14, 15, 16 with professionally laid Santa Ana couch using line planting methods.	Meeniyan	\$9,000
Leongatha Lyric Theatre Inc.	Development of Strategic Plan for Leongatha Lyric Theatre.	Leongatha	\$7,250
(it's no) drama Ltd	WILD WOODS - an (it's no) drama and FESTIVE FIRES performance collaboration.	Leongatha	\$6,000
Lower Franklin River Land Protection Group	Toora Community Garden and Greenhouse.	Toora	\$6,000
Fish Creek Memorial Hall	FRONT FOOT BACK BEAT - Community Performance Project.	Fish Creek	\$5,000
Foster and District Agricultural & Pastoral Society Inc.	Purchase of portable sheep yards and provision of show day entertainment.	Purchase	\$5,000
Korumburra City Soccer Club	Portable Full Size Goals.	Korumburra	\$5,000
Leongatha Business Association	Leongatha Community Carols.	Leongatha	\$5,000
Mirboo Recreation Reserve Inc.	Large mower.	Mirboo	\$5,000
Poowong-Loch Junior Football Club	Light up Loch.	Loch	\$5,000
Sandy Point Community Group	Sandy Point Welcome Sign.	Sandy Point	\$5,000
South Gippsland Gliding Club Inc.	Gliding Club Hangar Purchase.	Leongatha	\$5,000
Bena Hall Inc.	Bena Hall Acoustic Stage Curtains.	Bena	\$4,500
Mirboo Country Development Incorporated	Community Signage upgrade.	Mirboo North	\$4,000

Organisation	Project Details	Area	Approved Funding
Poowong Community Consultative Committee	Celebrating 150 years of settlement book publication.	Poowong North	\$4,000
Poowong Pubic Hall Inc.	Upgrade/replace the hall foyer floor tiles.	Poowong	\$4,000
Rotary Club of Leongatha	Rotary South Gippsland cluster website development.	Foster Korumburra Leongatha	\$4,000
Kongwak Hall Committee	Air conditioner small meeting room.	Kongwak	\$2,900
Poowong Community Garden	Poowong Community Garden.	Poowong	\$2,500
Poowong Football Club Inc.	Solar installation for PFNC Club House.	Poowong	\$2,500
South Gippsland BMX Club	Bikes, helmets and gloves.	Leongatha	\$1,500
South Gippsland Conservation Society	Book publication: 'Wilson's Promontory National Park- A History'.	South Gippsland	\$1,500
Bennison Adult Riding Club Inc.	Defibrillator.	Bennison	\$1,350
		Total	\$130,000



Representative from Mirboo Country Development Inc with Cr Mohya Davies

2022/23 Community Grants Program (Round Two)

Organisation	Project Details	Area	Approved Funding
Outtrim Moyarra Kongwak Cricket Club	Replacement and upgrade of Outtrim Practice Nets area.	Outtrim	\$10,000
Milpara Community House Inc.	Let's get to it – a strategic plan for Milpara Community House.	Korumburra	\$9,000
Walter J Tuck Reserve Committee of Management	Ovals replanting Kikuyu and Santa Ana Couch.	Mirboo North	\$9,000
Fish Creek Carnival	Fish Creek Carnival Summer Celebration.	Fish Creek	\$8,000
Friends Of The Lyrebird Forest Walk Inc.	Purchase of replacement vehicle.	Mirboo North	\$8,000
Mirboo Country Development Incorporated	Mirboo North Winterfest Ice Rink installation.	Mirboo North	\$8,000
Mirboo North Grainstore Committee of Management Incorporated	Mirboo North Grainstore Master Plan.	Mirboo North	\$8,000
Meeniyan Recreation Reserve	Community BBQ in Meeniyan Community Play Space at the Meeniyan Recreation Reserve.	Meeniyan	\$6,500
Meeniyan and District Historical Society	Secure, Share, Sustain: Meeniyan's Digital Heritage.	Meeniyan	\$6,000
Tarwin Lower and District Bowls Club	Upgrading and renovating Ambulant Bathroom.	Tarwin Lower	\$6,000
Meeniyan Art Gallery Inc.	Strategic Plan Review and adoption of Business Plan.	Meeniyan	\$5,250
Leongatha Little Athletics Club	All Weather Jump Pit surface upgrade (Round 2).	Leongatha	\$5,000
Poowong & District Amateur Basketball Association	New electronic scoreboard.	Poowong	\$4,500
Fish Creek Football Netball Club	Underfoot changes.	Fish Creek	\$4,000
Kongwak Hills Landcare Group	Love Your Reserve.	Kongwak	\$4,000
Koonwarra Recreation Reserve Committee of Management	Installation of new toilets at Koonwarra Recreation Reserve.	Koonwarra	\$4,000
Leongatha Business Association	Biketoberfest Leongatha.	Leongatha	\$4,000
Toora Bowls Club	New reverse cycle air conditioners.	Toora	\$4,000
Darlimurla Community Hall Committee	Purchase and installation of two split system air conditioners.	Darlimurla	\$3,000

Organisation	Project Details	Area	Approved Funding
Friends of the Toora Heritage Pear Orchard	Toora Heritage Pear Orchard Fruit Care.	Toora	\$3,000
Lions Club of Korumburra	Beautification of Wayside Stop and 75th Celebration Garden.	Korumburra	\$3,000
Nerrena Cricket Club Inc.	Ground drainage project.	Nerrena	\$2,500
Korumburra Tennis Club Inc.	Seating and shade.	Korumburra	\$2,000
Mardan Mirboo North Landcare Group	Replacement of degraded outdoor furniture at Baths Road Reserve in Mirboo North.	Mirboo North	\$2,000
Mirboo North Playgroup & Toy Library	Mirboo North Playgroup and Toy Library equipment and toy update.	Mirboo North	\$1,250
		Total	\$130,000



Representatives from Korumburra Tennis Club with Cr Mick Felton

The Small Grants Program opens on the first day and closes on the last day of each month. They are assessed and announced by the close of the following month. Small Grants provide a maximum of \$1,000 at any time. Organisations may only receive two Small Grants per calendar year.

Small Grants Program

Organisation	Project Details	Area	Approved Funding
(it's no) drama Ltd	Everyone Can Dance Active Innovation Project.	Fish Creek	\$1,000
Bena Tennis Club Inc.	Lawn Mower purchase.	Bena	\$1,000
Koonwarra Mechanics Institute	Koonwarra Hall Defib Project.	Koonwarra	\$1,000
Leongatha Croquet Club	Major equipment upgrade.	Leongatha	\$1,000
Leongatha Knights Football Club Inc.	New equipment for upcoming soccer tournaments.	Leongatha	\$1,000
Loch Memorial Reserve Inc.	Tree removal.	Loch	\$1,000
Loch Nyora Pony Club	Safety Body protectors.	Loch & Nyora	\$1,000
Loch Village Arts Council	Loch Village Christmas Carols.	Loch	\$1,000
Meeniyah Mechanics Institute	Improving meeting infrastructure at Meeniyah Hall.	Meeniyah	\$1,000
Mirboo Country Development Incorporated	Revitalising Ridgway Christmas Decorations.	Mirboo North	\$1,000
Mirboo North Grainstore Committee of Management Incorporated	Strategic Planning for The Grainstore.	Mirboo North	\$1,000
Nautilus Theatre Project	The Arbour – Lighting.	Fish Creek	\$1,000
Nyora Cricket Club	Nyora Cricket Club – Cricket Ball purchase.	Nyora	\$1,000
Nyora Men's Shed Incorporated	Reverse cycle heating and cooling.	Nyora	\$1,000
Poowong Uniting Church	New coffee machine.	Poowong	\$1,000
Prom Aged Services Fund Raising Inc.	Defibrillator.	Foster	\$1,000
Sandy Point Community Group	Live Music at Foodies.	Sandy Point	\$1,000
South Gippsland Open Gardens Association	Leongatha Open Gardens.	Leongatha	\$1,000

Organisation	Project Details	Area	Approved Funding
Stockyard Gallery	Cartoonist comes to town.	Foster	\$1,000
The Friends of the Mirboo North Swimming Pool Inc.	Mirboo North Idol returns on November 27 2022.	Mirboo North	\$1,000
Toora Community Hall & Library Inc.	Reseal and repair front windows.	Toora	\$1,000
Venus Bay Surf Lifesaving Club	Improved gear and equipment storage capacity at Venus Bay SLSC.	Venus Bay	\$1,000
Sandy Point Community Group	Sandy Point Habitat Rehabilitation.	Sandy Point	\$999
Welshpool Basketball Association	Laptop computer.	Welshpool	\$998
Mount Best Community Hall	Window fix.	Mount Best	\$875
Friends of Korumburra Botanic Park Inc.	Paperbark Drainage Channel Revegetation Project.	Korumburra	\$833
Welshpool Memorial Hall	Fridge Shelving Replacements.	Welshpool	\$800
Myli : My Community Library	Thermal Imaging / Infrared Camera.	Multiple	\$679
Scots Pioneer Church Ltd	111 year celebration of building.	Mardan	\$500
Welshpool Recreation Reserve	Welshpool Australia Day Family Fun Day.	Welshpool	\$500
Yooralla	Art Material for Art Show.	Multiple	\$495
Poowong Garden Club. Inc.	Poowong Garden Club 50 th Birthday Celebrations.	Poowong	\$300
		Total:	\$28,979

The Emergency Grant Program provides funding of up to \$5,000 for projects that require immediate funding. Applications are generally assessed within two weeks.

2022/23 Emergency Grant Program

Organisation	Project Details	Area	Approved Funding
Leongatha Football Netball Club	Leongatha Football Netball Club – Netball court lights.	Leongatha	\$5,000
Nyora Football Netball Club	Male and Female Umpires change rooms.	Nyora	\$4,840
Leongatha Recreation Reserve Committee of Management	Ceiling insulation Function Rooms.	Leongatha	\$2,000
Loch Public Hall	Save Our Hall.	Loch	\$2,000
Waratah Beach Surf Life Saving Club	Bass District Life Saving Development Camp.	Sandy Point	\$1,980
Leongatha Knights Football Club Inc.	Replacement Portable Soccer Match Goals.	Leongatha	\$789
Fish Creek Memorial Hall	Action Station.	Fish Creek	\$450
		Total	\$17,059



Representative from Pookong Community Garden with C- John Scheffing



Loch Food and Wine Festival

OUR PERFORMANCE

- OUR HIGHLIGHTS
- OUR PERFORMANCE AGAINST THE COUNCIL PLAN:
 - › THEME ONE: Connecting our People and Places
 - › THEME TWO: Economy and Industry
 - › THEME THREE: Healthy and Engaged Communities
 - › THEME FOUR: Leading with Integrity
 - › THEME FIVE: Protecting and Enhancing our Environment
 - › THEME SIX: Sustainable Growth



One of our Graders ready for work

Highlights of 2022/23

THEME ONE: Connecting Our People and Places

- During 2022/23, South Gippsland Shire Council resheeted 96.7 kilometres of gravel roads. This represents an increase of 20 kilometres from last year.
- Approximately \$34 million of capital works were completed in 2022/23, which is the largest capital works program completed by Council to date. Additionally, the amount of work completed represents more than the original adopted budget of \$31.5 million. Significant projects completed include:
 - › Completion of the Leongatha Early Learning Centre to accommodate the demand for children’s services in our region, particularly with the introduction of three-year-old kindergarten.
 - › A refurbishment of Council's main office to update aged facilities and accommodate a hybrid working environment.
 - › A reconfigured and sealed Boat Ramp Car Park in Port Welshpool to allow for increased usage.
 - › A significant irrigation and drainage project at the Foster Showgrounds. This project will help minimise and re-purpose water usage and provide an improved playing surface.
 - › Updated streetscape for Little Commercial Street in Korumburra, which will provide improved access and linkages with the Korumburra Community Hub.
 - › A new pontoon for the Toora Jetty.
 - › A new Skate Park and half basketball court in Venus Bay.
- The extension of the Great Southern Rail Trail between Korumburra and Nyora was completed and officially opened on 1 April 2023.
- A new street sweeping service for town CBDs commenced.



Leongatha Early Years Centre



Refurbished Council Office



Port Welshpool Boat Ramp Car Park



Foster Showgrounds Irrigation and Drainage

THEME TWO: Economy and Industry

- Supported seven events through the Gippsland Events Acquisition Fund. These events attracted significant visitation to South Gippsland from across Victoria.
- Facilitated an Annual Stakeholder Roundtable event to bring together business, education and government. The event was well supported and helped initiate valuable conversations that will help inform future economic development planning.
- Hosted a Careers Expo in Leongatha that was strongly attended and included over 200 job vacancies on a virtual 'jobs board'.
- Supported another careers event in Korumburra that hosted over 200 students and provided them with information about possible career paths in local government.
- Completed a successful community engagement to determine (via popular vote) a concept design that will be painted as a mural in the Leongatha Railway Precinct.

THEME THREE: Healthy and Engaged Communities

- Continued discussions with our First Nations people to strengthen relationships and identify future opportunities.
- Commenced a review of the General Local Law Review and completed an initial round of community engagement. The first round of consultation attracted input from 261 people via an online survey, community pop-ups and community meetings.
- A Community Engagement Conference was held to support volunteers during International Volunteer Week.
- The Community Planning Network continues to meet and be supported by Council.
- A return to pre-pandemic visitation levels at South Gippsland SPLASH in Leongatha and many of our other pools.
- Implementation of a Position Paper to support our early years.
- Continued to support our existing and emerging volunteers.



Southern Lights Festival at Coal Creek



Great Southern Rail Trail (Nyora to Korumburra) Opening



Leongatha Railway Precinct Mural – Concept One



Community Leadership Program 2023 participants

THEME FOUR: Leading with Integrity

- Adopted the 2022 Advocacy Strategy and Advocacy Priorities, with success in many key areas.
- Won the LGPro Award for Corporate and Community Planning for our Shaping South Gippsland community engagement.
- Service Review commenced for the Infrastructure Maintenance department.
- Adopted new Governance Rules.
- Customer First training implementation plan developed.
- New round of the Community Leadership Program launched in March 2023 with 19 participants set to graduate in August 2023.



Tree Planting at 'Love Your Reserve' for National Tree Day



Deer Forum by South Gippsland Landcare Network

THEME FIVE: Protecting and Enhancing Our Environment

- Planted 517 trees: 2,300 over three years from 2020 to 2023.
- Partnered with Landcare and volunteer groups to hold four partnered activities and five educational activities including a Pedal and Plant Day and Deer Forum.
- Commenced development of a Waste and Resource Recovery Plan.
- Commenced work on an Integrated Water Management Plan.



Street Tree Planting Program

THEME SIX: Sustainable Growth

- Continued engagement with Department of Families, Fairness and Housing and Homes Victoria in alignment with our Social and Affordable Housing Strategy, which was adopted in August 2022.
- Undertook an Industrial Land Supply review in preparation for a final Strategy.
- Developed a draft Coastal Strategy. The engagement for the Coastal Strategy was one of the largest ever undertaken by Council. Approximately 800 people provided feedback for the Strategy via community pop-up events, an online forum, a survey and an ideas board. Feedback was also obtained via a Community Dialogue using deliberative engagement techniques.
- South Gippsland Planning Scheme Review completed.



Coastal Strategy Consultation - Port Welshpool



COUNCIL PLAN THEME ONE: Connecting our People and Places

Objective

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

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

Priorities

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



Measure of Success

The following statement reviews the performance of South Gippsland Shire Council against the Measure of Success Indicators of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Indicator	Target or Desired Trend	Comment	Target
Percentage of sealed road rehabilitation program delivered.	Increase	100 per cent complete.	Achieved
Percentage of reseal program delivered.	Maintain or Increase	100 per cent complete.	Achieved
Percentage of footpath extension program delivered.	Maintain or Increase	100 per cent complete.	Achieved
Percentage of sealed local roads maintained to condition standards that are below the renewal intervention level set by South Gippsland Shire Council and therefore do not require renewal. <i>[Number of kilometres of sealed local roads below the renewal intervention level set by Council/Number of kilometres of sealed local roads]</i>	Equal to or above 95 per cent	The number of kilometers of sealed local roads below the renewal intervention is 1016.41 kilometres. The percentage of sealed local roads maintained to condition standards is 99.95 per cent.	Achieved

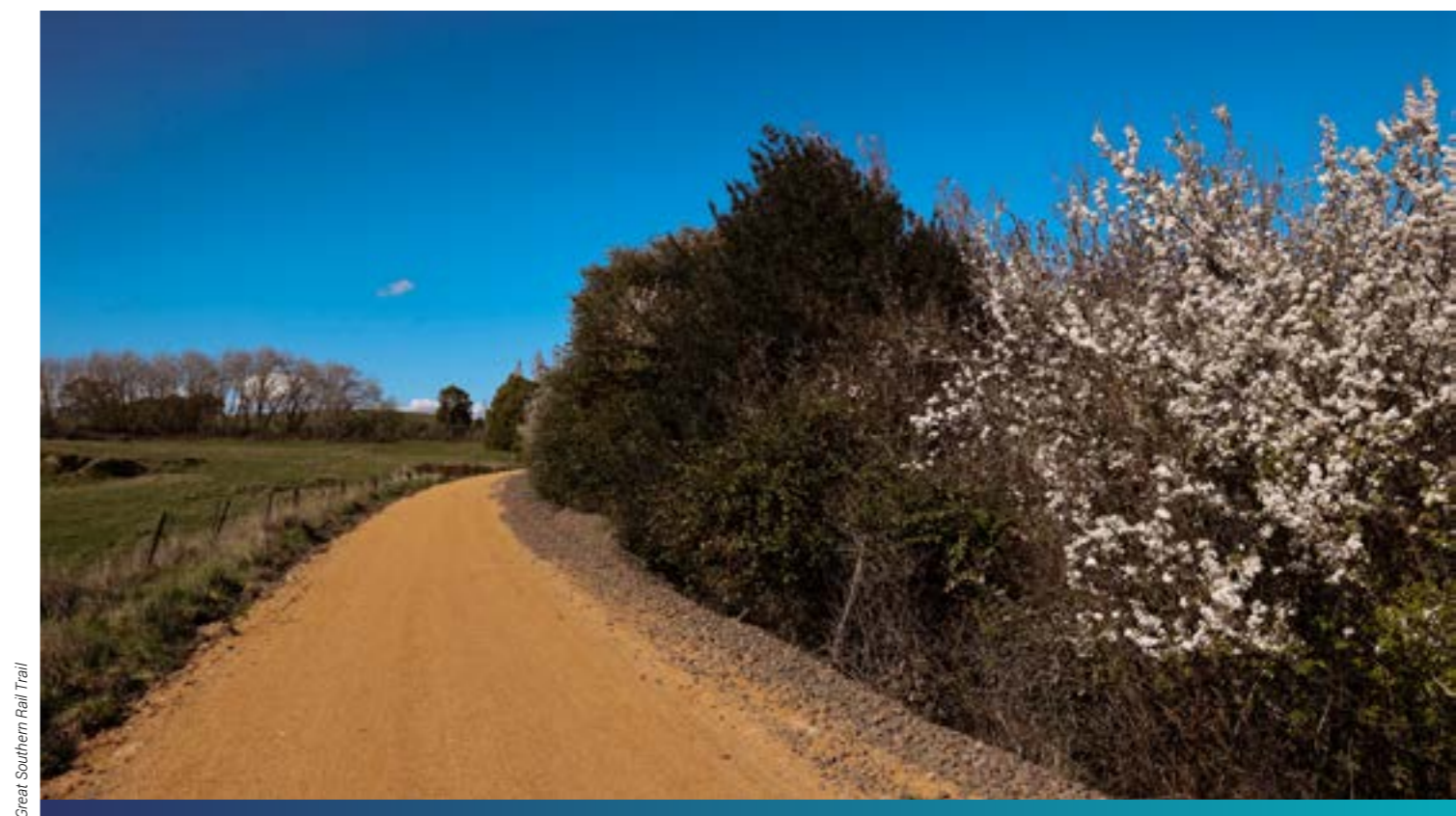


Major Initiatives

The following comments review the performance of South Gippsland Shire Council against the 2022/23 Annual Initiatives of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Initiative	Comment	Target
<p>The sustainability and improvement of South Gippsland Shire 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>Below is a list of some of the significant projects:</p> <ul style="list-style-type: none"> Falls Road Fish Creek Rural Road Rehabilitation. Footpath Renewal and Extension Program. Great Southern Rail Trail Extension – Leongatha to Nyora and Welshpool to Hedley. New Footpath Sweeper for town CBD cleaning. Simons Lane Leongatha Upgrade. Road Reseal Program. 	<p>Approximately \$34 million of capital works was completed in 2022/23, which is more than the original adopted budget of \$31.5 million. This has been our largest Program completed to date.</p> <p>The Capital Works Program grew throughout the year due to carry-forwards from 2021/22 and the addition of grant funded projects.</p>	Achieved
<p>Advocate to the relevant level of Government for connectivity improvements within the Shire, including telecommunications and transport.</p>	<p>In line with South Gippsland Shire Council's 2022 Advocacy Strategy and its Advocacy Priorities for 2022/23, Council has engaged with representatives from Department of Transport, Telstra and NBNCo and provided information to support local media articles by ABC Gippsland and WIN TV.</p> <p>Mobile blackspot investment in Walkerville was announced.</p> <p>Roll out of upgrades to Fixed Wireless Network and Fibre to the Premises (Korumburra, Leongatha and Mirboo North) commenced during this reporting period.</p>	Achieved
<p>Implement Council's Blueprint for Community and Economic Infrastructure Strategy process to prioritise and schedule asset and capital works and development.</p>	<p>Blueprint for Community and Economic Infrastructure continues to be used.</p>	Achieved
<p>Review the unfunded project list in the Paths and Trails Strategy for inclusion in future Capital Works Program, with a focus on connecting small towns where population growth is occurring.</p>	<p>Unfunded projects were reviewed and presented to Council in June 2023 for consideration.</p> <p>Recent requests will be added to the Strategy list and assessed.</p>	Achieved
<p>Improve the conditions of gravel roads through extending the Re-Sheet Program.</p> <p><i>TARGET: An additional 20 kilometres re-sheeting on top of the existing program.</i></p>	<p>The 2022/23 Re-Sheet Program completed 96.74 kilometres (20 kilometres more than last year), with a total tonnage of 61,836.</p>	Achieved

Initiative	Comment	Target
<p>Improve maintenance, visual aesthetics and safety of our urban activity areas with a new, versatile Street Sweeping service that will regularly clean footpaths in shopping precincts across the Shire.</p>	<p>The Street Sweeper is now in operation and is currently servicing the business precinct in Leongatha. The service will be expanded to cover more townships in 2023/24.</p>	Achieved
<p>Invest \$100,000 in the detailed design work for sealing priority gravel roads (a minimum of 2 kilometres per annum).</p>	<p>Approximately 7 kilometres of gravel-to-seal design work has been progressed. Ross Street Meeniyan is ready for tender subject to funding. Lesters Road Yanakie and North Poowong Road Nyora are ready for permit applications on confirmation of projects proceeding.</p>	Achieved
<p>Undertake a feasibility study for future pedestrian and bike paths in Venus Bay and Sandy Point.</p>	<p>Preparation for community consultation to help identify path preferences and safety concerns, has progressed. The engagement will be undertaken early in the 2023/24 financial year. The outcomes of this will be added to the Paths and Trails Strategy list.</p>	Progressed



Great Southern Rail Trail

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 2020	Results 2021	Results 2022	Results 2023	Material Variation
ROADS					
Satisfaction of use					
Sealed local road requests. [Number of sealed local road requests / Kilometres of sealed local roads] x 100	121	102	97	72	The reduction in requests is likely due to the roadside spraying weed program, which has resulted in more effective drainage, leading to less complaints.
Condition					
Sealed local roads maintained to condition standards. [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x 100	93%	98%	100%	100%	No material variance from 2022 results.
Service cost					
Cost of sealed road reconstruction. [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$38	\$74	\$54	\$83	The average cost of sealed road reconstruction in 2022/23 was higher than in previous years due to industry-wide cost increases, projects encountering poor ground conditions and a portion of the program being for urban roads, which require additional works.
Service cost					
Cost of sealed local road resealing. [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$3.40	\$3.90	\$4.30	\$4.94	Cost increase since last year can be attributed to significant rises in cost for the supply of bitumen and sealing aggregate.
Satisfaction					
Satisfaction with sealed local roads. [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	47	43	42	39	Community satisfaction with sealed roads remains relatively low, despite asset condition data indicating that sealed roads in the Shire are generally in a good state of repair and within nominated service levels. Sections of road asset renewal via the road reseal and rehabilitation programs have been successfully delivered in 2022/23. The poor condition of some arterial roads in the Shire and the extent of roads adversely impacted by storm events, may also be contributing to lower community satisfaction.

Services Funded

The following statement provides information in relation to the services funded in the 2022/23 Budget that supports the Council Plan Theme *Connecting our People and Places* and the persons or sections of the business area responsible.

Business Area	Description of Services Provided	Net Cost
		Variance \$000
Infrastructure Planning	The Infrastructure Planning department is responsible for the planning and managing of South Gippsland Shire Council assets to enable Council services to be delivered in an effective and efficient manner. This also encompasses waste management services, sustainability services, and sport and recreation.	Actual \$000
		Budget \$000
		\$7,659
		\$7,534
		\$125
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.	Actual \$000
		Budget \$000
		\$3,132
		\$3,707
		\$575
Infrastructure Maintenance	The Infrastructure Maintenance department provides a safe and trafficable road network by maintaining Council's roads and associated road infrastructure asset network as per Council's relevant Asset Management Plans and adopted Road Management Plan. The network of assets includes unsealed and sealed roads, drainage, stormwater, bridges, culverts, footpaths, gabion, and rock-wall formations. The department delivers part of the Capital Works Program, including the Fleet and Plant Replacement Program. The rapid response and after-hours call out service to ensure the safety of Council's roads and associated road infrastructure asset, sits within this department. The Operational Support and Plant and Fleet teams also support the Open Space and Environment department.	Actual \$000
		Budget \$000
		\$9,721
		\$9,570
		\$151

COUNCIL PLAN THEME TWO:

Economy and Industry

Objective

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

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

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

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

Priorities

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



Measure of Success

The following statement reviews the performance of South Gippsland Shire Council against the Measure of Success Indicators of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Indicator	Target or Desired Trend	Comment	Target
Percentage change in economic output. <i>[Measure of the Gross Revenue of businesses of all industry sectors in South Gippsland]</i>	Increase	Figures released by REMPLAN in May 2023 (for 2022 base) show an Economic Output (gross revenue) for South Gippsland remaining at \$4.10 billion. This remains an increase of \$327 million from the base figure of the 2021/22 year, or 8.6 per cent from base line figure of \$3.8 billion.	Achieved
Percentage change in Gross Regional Product. <i>[Measure of all goods and services produced within the Shire]</i>	Increase	Figures released by REMPLAN in May 2023 show Gross Regional Product (GRP) for South Gippsland remains at approximately \$1.9 billion. This is a re-basing of the data using the 2021 Census, which has occurred for all regional local government areas and will be the baseline figure for future reporting. This is an increase of \$62 million or 3.3 per cent.	Achieved
Percentage change in employment rates within the Shire.	Increase	Data for the March 2023 quarter show an employment rate of 97.5 per cent. This is a decrease of 0.2 percentage points from the December 2022 quarter and is the equal highest rate of employment across the six Gippsland local government areas. This is the equivalent of an unemployment rate of 2.5 per cent.	Achieved
Percentage change in in-bound investment.	Increase	Appropriate data was not released over the year for evaluation or comparison to inform base line investment in South Gippsland. This was out of Council's control.	Not Achieved
Number of businesses within the Shire. <i>[Number of businesses in the Shire as measured by the Australian Business Register]</i>	Increase	The latest Australian Business Register data had not been updated since last quarter. Therefore, this information could not be provided for final quarter reporting. The previous quarter showed 202 new ABNs registered over the quarter for a total of 8,948 businesses. This resulted in a slight net increase over the quarter. Separate annual Business Count data, released by the Australian Bureau of Statistics showed an increase of 0.2 per cent or 46 businesses from July 2022 to now.	Achieved



Major Initiatives

The following comments review the performance of South Gippsland Shire Council against the 2022/23 Annual Initiatives of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Initiative	Comment	Target
Facilitate an annual round table for key stakeholders to bring together business, education and government to understand and support local priorities and opportunities.	The Annual Stakeholder Roundtable was successfully completed on 23 November 2022 with 25 government agency, industry and community stakeholders in attendance.	Achieved
Contribute to Destination Gippsland's Event Acquisition Fund to attract and deliver events to South Gippsland.	South Gippsland Shire Council has entered into a partnership with Events Gippsland (Destination Gippsland) and contributed \$55,000 to the Event Acquisition Fund. An Expression of Interest was completed with a number of local South Gippsland events supported for funding under the title of South Gippsland Festival Series in 2022/23. These include: <ul style="list-style-type: none"> • Mirboo North Italian Festa. • Meeniyan Garlic Festival. • Prom Coast Festival. • Loch Village Food and Wine Festival (LVF&WF)— including prelude event Loch Long Lunch. • Korumburra Southern Lights. • Mirboo North Winterfest. 	Achieved
Implement the annual action plan of the 2021-2031 Economic Development Strategy.	<ul style="list-style-type: none"> • Completion of review of Industrial Land Supply. • Business support services. • Renewable Offshore Wind Energy investment facilitation and securing grant funding of \$50,000 to complete an Impact and Readiness Study with RDA, RDV and Latrobe City Council. • Investment Logic Mapping commenced with Department of Transport and Regional Roads Victoria for Stage Two of the Leongatha Alternate Heavy Vehicle Route. • Supported a successful Careers Expo in Korumburra with 34 stall holders attracting over 200 secondary students to the event. • Business workshops in partnership with the Victorian Government and completed the new South Gippsland Brand implementation and Investment Attraction Program. 	Achieved

Initiative	Comment	Target
Implement the annual action plan of the 2021-2031 Visitor Economy Strategy to encourage tourism and visitation across the Shire.	<ul style="list-style-type: none"> • Completion of the South Gippsland Branding Project with official Touring Map, digital videos, banners and marketing collateral completed. • Continued promotion of the region through the South Gippsland Festival Series. • Successful events Loch Food and Wine and Southern Lights. • Continued planning with Bicycle Network for the 2023 Great Victorian Bike Ride. Fish Creek are hosting an overnight stay. • Coal Creek Community Park and Museum curated Threads, Luminous Landscapes and Out of the Cube exhibitions. 	Achieved
Implement the annual actions of the Arts, Culture and Creative Industries Strategy.	<ul style="list-style-type: none"> • Completed development of governance and community partnership documents for ArtCubes Project with grant acquittal. • ArtCubes showcased at Coal Creek Community Park and Museum including official opening and first location placement in Loch. • Facilitated Arts Advisory Committee meeting. • Supported live music events, including Alex Lloyd, Harry Hook, The Merindas and Steph Strings. • Facilitated new Leongatha Railway Precinct Mural project. • Provided ongoing advice and support for local creatives (individuals and community groups). 	Achieved
Develop and implement the Great Southern Rail Trail Visitation and Marketing Plan annual actions.	<ul style="list-style-type: none"> • Continued development of interpretive signage for current and new sections of the Great Southern Rail Trail. • Commenced review for the redevelopment of the Great Southern Rail Trail website. • Successful opening of the Nyora to Leongatha extension, which included extensive community engagement and participation. 	Achieved

Services Funded

The following statement provides information in relation to the services funded in the 2022/23 Budget that supports the Council Plan Theme *Economy and Industry* and the persons or sections of the business area responsible.

Business Area	Description of Services Provided	Net Cost	
		Actual \$000	Budget \$000
		Variance \$000	
Economy and Community Management	The Economy and Community Management provides services including: <ul style="list-style-type: none"> • Economic Development; • Arts, Culture and Visitor Economy; and • Community Strengthening. 	\$371	
		\$346	
		\$25	
Economy, Community and Investment	The Economy, Community and Investment department provides a wide variety of community-focused services that lead South Gippsland Shire Council's functions in community strengthening, economic development, business support, tourism, events, advocacy, emergency management, arts and culture and social planning. It leads the development and implementation of key Council Strategies and Policies related to these service areas while connecting and engaging with key stakeholders across the community, business and government.	\$3,770	
		\$3,698	
		\$72	



COUNCIL PLAN THEME THREE:

Healthy and Engaged Communities

Objective

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

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

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

Priorities

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



Measure of Success

The following statement reviews the performance of South Gippsland Shire Council against the Measure of Success Indicators of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Indicator	Target or Desired Trend	Comment	Target
Community satisfaction with Aquatic Facilities. <i>[Number of visits to aquatic facilities per head of municipal population]</i>	Increase	Attendance at South Gippsland SPLASH has returned to pre-pandemic levels.	Achieved
Percentage of critical and major non-compliance outcome notifications followed up by Council. <i>[Percentage of critical and major non-compliance outcome notifications about a food premises that are followed up by Council]</i>	Maintain or Increase	98 per cent complete.	Achieved
Active library borrowers in municipality. <i>[Percentage of the municipal population that are active library borrowers (in the last three financial years)]</i>	Maintain or Increase	<ul style="list-style-type: none"> 2022/23 – 13.86 per cent. 2021/22 – 14.10 per cent. 2020/21 – 14.86 per cent. <p>The active borrowers is up 2.1 per cent on last year, however the indicator is an average of the last three years with 2020/21 being the lowest year due to the COVID-19 pandemic. It is anticipated that this indicator will continue to improve as the pandemic years are no longer included in the three-year average.</p>	Achieved
Infant enrolments in the Maternal and Child Health (MCH) service. <i>[Percentage of infants enrolled in the MCH service]</i>	Equal to or above 95 per cent	100 per cent complete.	Achieved
Participation in the Maternal and Child Health (MCH) service. <i>[Percentage of children enrolled who participate in the MCH service]</i>	Equal to or above 70 per cent	73.13 per cent complete.	Achieved

Indicator	Target or Desired Trend	Comment	Target
Participation in the Maternal and Child Health (MCH) service by Aboriginal children. <i>[Percentage of Aboriginal children enrolled who participate in the MCH service]</i>	Equal to or above 65 per cent	45.45 per cent complete. The Maternal and Child Health team are working closely with the Best Start Program to try and increase the number of Aboriginal and Torres Strait Islander children in South Gippsland. Best Start is an early years initiative to support families and caregivers to provide the best possible environment and focuses on children experiencing vulnerability and all Aboriginal children. The population of Aboriginal and Torres Strait Islander children in South Gippsland is small, so small changes in participation numbers result in a large percentage variation.	Not Achieved
Participation in the Maternal and Child Health (MCH) four-week Key Ages and Stages visits. <i>[Percentage of infants enrolled who participate in this Maternal and Child Health service]</i>	Equal to or above 95 per cent	88.77 per cent complete.	Progressed
Successful animal management prosecutions. <i>[Percentage of successful animal management prosecutions]</i>	Maintain	Three prosecutions were undertaken. Two were successful and one was withdrawn at the Magistrate's discretion.	Not Achieved

Major Initiatives

The following comments review the performance of South Gippsland Shire Council against the 2022/23 Annual Initiatives of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Initiative	Comment	Target
Review South Gippsland Shire Council's Youth Strategy.	A review of the Youth Strategy was completed in April 2023.	Achieved
Develop and implement the 2022-2026 Municipal Public Health and Wellbeing Plan and include Council's Disability Action Plan.	Council's 2022-2026 Municipal Public Health and Wellbeing Plan was adopted at the 19 October 2022 Council Meeting and submitted to the Department of Health. Council's Disability Action Plan review continues with the development of a Terms of Reference for the Access and Inclusion Committee underway.	Achieved
Develop a Reconciliation Action Plan (RAP) in partnership with the Bunurong and Gunaikurnai people. RAPs are the best practice way of lifting awareness, understanding and commitment to the reconciliation process.	Engagement continued with Registered Aboriginal Parties including the Bunurong and Gunaikurnai people to progress objectives that lead to reconciliation. Ongoing discussions have indicated reconciliation objectives may best be achieved through focusing on relationship building, cultural awareness training, and a statement of commitment.	Achieved
Commence the review of the General Local Law 2014.	Extensive community engagement for Stage 1 of the General Local Law review has been completed.	Progressed
Partner with the community to open the Korumburra Community Hub as a shared community space.	A facility manager for the Korumburra Community Hub has been appointed, and stakeholders including Myli Community Library, Korumburra and District Historical Society and Milpara Community House, are ready to move into the building when construction is complete.	Progressed
Develop, implement and report annually on the Early Years Services Strategy.	Implementation of the <i>Position Paper - Council's role in the Early Years</i> has commenced. This included discussions regarding the development of a Korumburra kindergarten and applying for a planning grant for an early years facility in Mirboo North.	Progressed
Develop a 2022-2026 Open Space Asset Management Plan (including playgrounds).	Development of a 2022-2026 Open Space Asset Management Plan (including playgrounds) is currently underway. This work is expected to be completed in the 2023/24 financial year.	Progressed
Continue to support our existing and emerging volunteers.	Support of community volunteers through website support, strategic planning support and governance workshops. Council's Community Grants Program supports a wide range of community organisations and groups. Council hosted its Community Engagement Conference, which is aimed at supporting volunteers and recognised volunteers during International Volunteer Week.	Achieved

Initiative	Comment	Target
Commence the revision of the Aquatic Strategy.	A revision of the Aquatic Strategy has commenced and a project brief, that incorporates extensive community engagement, has been developed.	Achieved
Commence the investigation and feasibility study for the renewal of Korumburra Pool.	Planning for the Korumburra Pool renewal has commenced and architects are preparing preliminary drawings and cost estimates.	Achieved
Continue to facilitate Community Plan development, consistent with the objectives of South Gippsland Shire Council's Community Strengthening Strategy.	The Community Planning Network continues to meet and is facilitated by Council. Council supported Community Planning sessions in Nyora, Poowong, Yanakie and Port Welshpool and ran the Community Engagement Conference in May.	Achieved
Support our Surf Lifesaving Clubs to advocate for Club upgrades.	Council continues to work with Life Saving Victoria to understand advocacy opportunities for local clubs.	Achieved
Advocate for State Government funding to upgrade the Grand Stand at the Leongatha Recreation Reserve.	A building condition report has been completed by the State Government. The Leongatha Recreation Reserve Committee has received some quotes for the works to be carried out and Council continues to work in partnership with the Committee.	Achieved
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.	Approximately \$34 million of capital works was completed in 2022/23, which is more than the original adopted budget of \$31.5 million. This has been our largest Program completed to date. The Capital Works Program grew throughout the year due to carry-forwards from 2021/22 and the addition of grant-funded projects.	Achieved
Below is a list of some of the significant projects:	<ul style="list-style-type: none"> • Korumburra Community Hub. • Leongatha Early Learning Centre. • Korumburra Streetscape. • Korumburra and Leongatha Station Site Redevelopment. • Venus Bay Tourism Precinct Upgrade. • Mirboo North Transfer Station Renewal. • Venus Bay Skate Park. • Toora Jetty. 	

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 2020	Results 2021	Results 2022	Results 2023	Material Variation
ANIMAL MANAGEMENT					
Timeliness					
Time taken to action animal management requests [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1.7	2.0	3.4	3.0	Timelines have been improved due to improved business processes.
Service standard					
Animals reclaimed					
[Number of animals reclaimed / Number of animals collected] x 100	62%	61%	58%	47%	Pet ownership increased during the COVID-19 pandemic, resulting in an increase in unwanted pets.
Service standard					
Animals rehomed					
[Number of animals rehomed / Number of animals collected] x 100	31%	31%	50%	52%	Building relationships with animal rescue organisations and the use of social media resulted in an increased amount of animals rehomed. There was also an increase in animals surrendered, that were able to be rehomed.
Service standard					
Service cost					
Cost of animal management service per population [Direct cost of the animal management service / Municipal population]	\$17	\$17	\$19	\$18	No comment – no material variation.
Service cost					
Health and safety					
Animal management prosecutions					
[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	100%	100%	100%	67%	Three prosecutions were undertaken. Two were successful and one was withdrawn at the Magistrate's discretion.
Service standard					

Local Government Service Performance Indicators					
Service	Results 2020	Results 2021	Results 2022	Results 2023	Material Variation
AQUATIC FACILITIES					
Utilisation					
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	4	2	4	5	Attendance to our pools has increased significantly as the community has returned to enjoying these community facilities. The increase in pool attendance was supported by zero COVID-19 restrictions in comparison to 2021/22.
Service costs					
Cost of aquatic facilities					
[Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]	\$8	\$11	\$12	\$10	Improved utilisation of facilities has resulted in a significant decrease in the service cost per user.
Service costs					
FOOD SAFETY					
Timeliness					
Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]	1	1	1.7	1.4	Improvement in internal processes resulting in improved response times.
Service standard					
Food safety assessments					
[Number of registered Class 1 food premises and Class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered Class 1 food premises and Class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x 100	80%	28%	81%	98%	There has been a 20 per cent improvement in the number of food safety assessments conducted. Coming out of the COVID-19 pandemic, Council has been able to improve their inspection targets.
Service standard					
Service cost					
Cost of food safety service [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$436	\$459	\$457	\$516	An additional Environmental Health Officer position has increased the cost of the food safety service, however the benefit of this position will ensure Council is able to achieve their legislative responsibilities.
Service cost					

Local Government Service Performance Indicators					
Service	Results 2020	Results 2021	Results 2022	Results 2023	Material Variation
Health and safety					
Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome 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	100%	100%	100%	98%	No comment – material variation not greater or less than 10 per cent.
LIBRARIES					
Utilisation					
Physical library collection usage [Number of physical library collection item loans / Number of physical library collection items]	3	3	3	3	No comment – material variation has remained the same.
Resource Standard					
Recently purchased library collection [Number of library collection items purchased in the last five years / Number of library collection items] x 100	74%	65%	64%	57%	The proportion of the collection that is less than five years old is slightly less than last year. However this was offset by an increase in the number of collection items compared to the previous year.
Participation					
Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the municipal population for the last three years] x 100	16%	15%	14%	14%	No comment – material variation not greater or less than 10 per cent.
Service cost					
Cost of library service per population [Direct cost of the library service / Municipal population]	\$44	\$45	\$39	\$41	No comment – material variation not greater or less than 10 per cent.

Local Government Service Performance Indicators					
Service	Results 2020	Results 2021	Results 2022	Results 2023	Material Variation
MATERNAL AND CHILD HEALTH					
Service standard					
Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100	102%	99%	98%	100%	No comment – material variation not greater or less than 10 per cent.
Service cost					
Cost of the MCH service [Cost of the MCH service / Hours worked by MCH nurses]	\$68	\$71	\$74	\$80	No comment – material variation not greater or less than 10 per cent.
Participation					
Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	76%	76%	72%	73%	No comment – material variation not greater or less than 10 per cent.
Participation					
Participation in the MCH service by Aboriginal children [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	83%	70%	73%	45.45%	The Maternal and Child Health team are working closely with the Best Start Program to try and increase the number of Aboriginal and Torres Strait Islander children in South Gippsland. Best Start is an early years initiative to support families and caregivers to provide the best possible environment and focuses on children experiencing vulnerability and all Aboriginal children. The population of Aboriginal and Torres Strait Islander children in South Gippsland is small, so small changes in participation numbers result in a large percentage variation.
Satisfaction					
Participation in four-week Key Ages and Stages visit [Number of four-week Key Ages and Stages visits / Number of birth notifications received] x 100	94%	94%	95%	89%	No comment – material variation not greater or less than 10 per cent.

Services Funded

The following statement provides information in relation to the services funded in the 2022/23 Budget that supports the Council Plan Theme *Healthy and Engaged Communities* and the persons or sections of the business area responsible.

Business Area	Description of Services Provided	Net Cost	
		Actual \$000	Budget \$000
			Variance \$000
Community Health and Safety	The Community Health and Safety department delivers essential, efficient and responsive services that enhance the health, safety and wellbeing of communities, families, children and individuals in South Gippsland.	\$1,489	\$1,725
			\$236



Maternal and Child Health

COUNCIL PLAN THEME FOUR: Leading with Integrity

Objective

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

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

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

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

Priorities

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



Measure of Success

The following statement reviews the performance of South Gippsland Shire Council against the Measure of Success Indicators of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Indicator	Target or Desired Trend	Comment	Target
The number of participants actively engaged in the Community Leadership Program.	Participants enrolled in the Program	There are 19 participants undertaking the program. The Program runs until August 2023.	Achieved
Financial viability of South Gippsland Shire Council regarding the Victorian Auditor General's Office (VAGO) financial sustainability indicators.	Within desirable limits	End of financial year processing is currently underway and subject to final audit by the Victorian Auditor-General's Office between August and September 2023.	Progressed
Number of opportunities provided and people reached via community engagement practices.	Increase/quality improvement	There were 13 engagements undertaken during 2022/23 with Council's online engagement platform Your Say attracting 12,379 visits and 2,355 contributions. Consultation and engagement was rated six points higher than the previous year (50) in the Community Satisfaction Survey. This is higher than the average for similarly sized large rural councils.	Achieved
Community satisfaction with Council decisions. <i>[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community]</i>	Increase	Score: 54 In line with the significant community engagement undertaken for the development of the Council Plan and Vision, and continued community engagement efforts, Council actively seeks the views of the South Gippsland community to inform Council decision making. Coupled with this community engagement and the return of elected representatives to Council, there has been a significant increase in community satisfaction with Council decisions.	Achieved
Council decisions made at meetings closed to the public. <i>[Percentage of Council resolutions made at Council Meetings closed to the public]</i>	Decrease	21.43 per cent, which has decreased since last year.	Achieved

Indicator	Target or Desired Trend	Comment	Target
Community satisfaction with community consultation and engagement. <i>[Community satisfaction rating out of 100 with the consultation and engagement efforts of the Council]</i>	Increase	Score: 50 Significant community engagement was undertaken through 13 separate consultations. These were delivered in line with South Gippsland Shire Council's Community Engagement Policy and included the: <ul style="list-style-type: none"> • Children and Families Plan; • Domestic Animal Management Plan; • Foster Structure Plan; • South Gippsland Coastal Strategy; • South Gippsland Planning Scheme Review; and • General Local Law Review. 	Achieved
Councillor attendance at Council Meetings. <i>[Percentage of attendance at ordinary and special Council Meetings by Councillors]</i>	Equal to or above 90 per cent	90 per cent attendance target reached.	Achieved



General Local Law Engagement Pop-up in Nyora

Major Initiatives

The following comments review the performance of South Gippsland Shire Council against the 2022/23 Annual Initiatives of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Initiative	Comment	Target
Develop and implement the Advocacy Strategy including adoption of South Gippsland Shire Council's 2022/23 Priority Projects.	Council adopted the 2022 Advocacy Strategy and its Advocacy Priorities for 2022/23 at the 29 June 2022 Council Meeting. In March and May 2023, representatives from Council travelled to Canberra to advocate to the Federal Government on the Priority Projects at Parliament House. Council have also travelled to Spring Street to advocate to the Victorian Government.	Achieved
Lead an outwardly focused, innovative and financially sustainable organisation that delivers maximum community benefit by conducting Service Reviews of individual services.	A Service Review was commenced for the Infrastructure Maintenance department.	Achieved
Demonstrate good governance, integrity and accountability through decision-making that is ethical, informed and inclusive, incorporating a review of Council's Governance Rules and Audit and Risk Committee Charter.	The Governance Rules (C82) have been reviewed and a community consultation period occurred from 22 September to 7 October 2022 in accordance with Council's Community Engagement Policy (C06). The Governance Rules were adopted at the 19 October 2022 Council Meeting. The revised Audit and Risk Committee Charter was adopted at the 15 February 2023 Council Meeting.	Achieved
Implement Council's Customer First Project to enhance customer experience through the transformation of our services to ensure they are easy to access and provide user-friendly experiences.	A scope for the implementation of Customer First training across the organisation has been developed. Online forms are progressing with Local Laws, Planning and Building forms currently in the development stage.	Progressed
Continue to invest in and deliver Community Leadership Programs to strengthen community expertise and volunteering, including a comprehensive review of the Program's structure and delivery model, to meet Council's strategic and future objectives.	The Community Leadership Program launched in March 2023 with 19 participants commencing the Program. It will run through to August 2023. The Program has been successfully delivered to the schedule set up until 30 June 2023. The ten sessions explore topics including emotional intelligence, strategic leadership, public engagement, governance, teamwork and more.	Achieved

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 2020	Results 2021	Results 2022	Results 2023	Material Variation
GOVERNANCE					
Transparency					
Council decisions made at meetings closed to the public					
[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	15%	25%	20%	21%	No comment – material variation not greater or less than 10 per cent.
Consultation and engagement					
Satisfaction with community consultation and engagement					
[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	41	44	44	50	Significant community engagement was undertaken through 13 separate consultations. These were delivered in line with Council's Community Engagement Policy and included the Children and Families Plan, Domestic Animal Management Plan, Foster Structure Plan, South Gippsland Coastal Strategy, South Gippsland Planning Scheme Review and General Local Law Review.
Attendance					
Councillor attendance at council meetings					
[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	92%	96%	97%	90%	No comment – material variation not greater or less than 10 per cent.

Local Government Service Performance Indicators

Service	Results 2020	Results 2021	Results 2022	Results 2023	Material Variation
Service Cost					
Cost of elected representation [Direct cost of governance service / Number of Councillors elected at the last Council general election]	\$192,132	\$155,586	\$70,869	\$59,378	To support the newly elected representatives, South Gippsland Shire Council invested in a significant transition and induction program for the new Council. These costs were not incurred in the 2022/23 financial year and have reduced the overall cost of Governance.
Satisfaction					
Satisfaction with Council decisions [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	37	46	48	54	Council actively seeks the views of the South Gippsland community to inform Council decision-making. This, coupled with strong community engagement and the return of elected representatives to Council, has seen a significant increase in satisfaction with Council decisions.



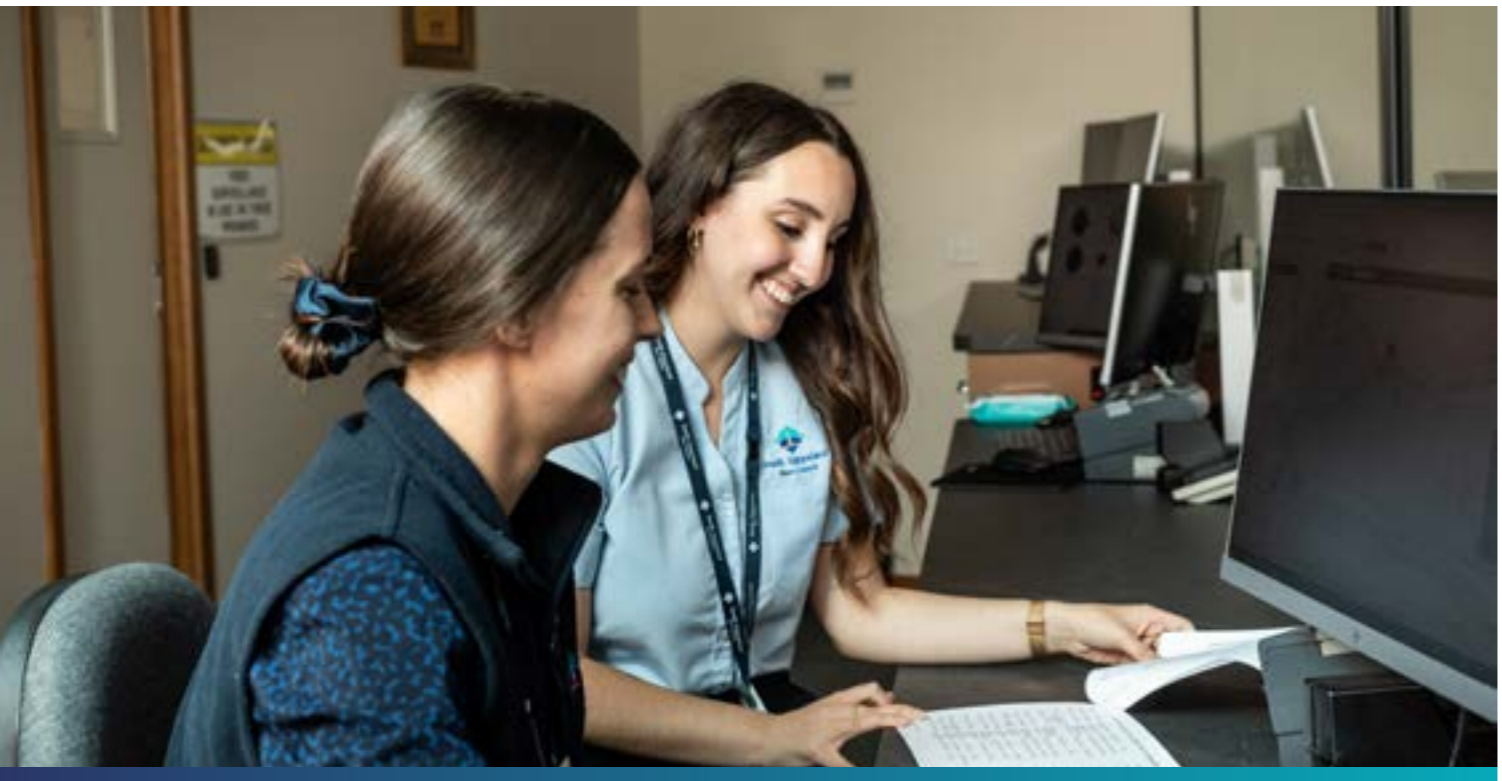
Councillors participating in the Salvation Army Christmas Drive

Services Funded

The following statement provides information in relation to the services funded in the 2022/23 Budget that supports the Council Plan Theme *Leading with Integrity* and the persons or sections of the business area responsible.

Business Area	Description of Services Provided	Net Cost
		Variance \$000
Chief Executive Office	The Chief Executive Office builds strong and productive relationships with government and key regional agencies to strengthen the performance of the South Gippsland Shire Council. The Chief Executive Office is accountable for ensuring that the objectives of the Council Plan are achieved through the allocation of appropriate resources, the provision of strategic policy and legal advice to Council, and the establishment of good governance practices to guide the management of the organisation.	Actual \$000
		Budget \$000
		\$621
Performance and Innovation Management	The Performance and Innovation Directorate provides services including:	\$606
		\$15
		\$1,890
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. Risk, Assurance and Procurement is responsible for contract management, risk and insurance, Freedom of Information and information privacy, internal audit, regulatory compliance and tendering. This team is responsible for the coordination and reporting to the Audit and Risk Committee for the organisation.	\$1,941
		\$51
		\$1,836
Digital and Technology	The Digital 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 Business Innovation.	\$2,734
		\$898
		\$3,040
		\$3,462
		\$422

Business Area	Description of Services Provided	Net Cost	
		Actual \$000	Budget \$000
		Variance \$000	
People and Culture	<p>The People and Culture department strive for a safe, healthy and high performing workplace, in which our people can grow both personally and professionally.</p> <p>It manages recruitment; workplace relations and industrial relations; gender equity and diversity; inclusion; organisational learning and development; occupational health, safety and wellbeing; human resources and performance management; workers compensation and return to work management; and payroll.</p>	\$1,984	\$1,719
			\$265
Governance	<p>The Governance department delivers services to the community, Councillors and staff.</p> <p>It provides support for Council meetings, briefings and hearings, policy compliance, corporate planning, monitoring and reporting including development of the Community Vision, Council Plan and Annual Report. It leads policy review and provides governance reform support, including requirements of the <i>Local Government Act 2020</i>.</p>	\$1,090	\$1,073
			\$17
Customer, Communication and Advocacy	<p>The Customer, Communication and Advocacy department delivers customer service, website maintenance, social media, front-desk customer service, media liaison, coordination of Council Noticeboard and the Mayors' 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, and Australia Day Awards.</p>	\$1,216	\$1,240
			\$24



Council's Customer Service team



Mayor Hersey and Deputy Mayor Williams

COUNCIL PLAN THEME FIVE: Protecting and Enhancing our Environment

Objective

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

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

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

Priorities

- Lead by example, developing internal practices and policies to reduce our carbon footprint as an organisation and encouraging innovative industries.
- Use our Strategic Planning mechanisms to prioritise protecting and enhancing our natural environment.
- Advocate, plan and encourage the protection of our natural landscapes and coastline.
- Support and encourage sustainable industries such as agroforestry.
- Plan and implement bio-link corridors to increase the percentage of tree cover and habitat in our Shire, and support our community including landowners to partner with us in implementing bio-links.
- Educate and empower our communities to reduce and control weeds and pests.
- Build resilience in our community and organisation to mitigate risk and damage caused by extreme weather events.
- Empower our community through education and information to improve their waste management.
- As part of the Domestic Animal Management Plan, investigate enforceable dogs on leashes and curfews for domestic cats.
- Engage with the relevant State Government agencies regarding the use of jet skis in relation to personal safety, amenity and threats to marine wildlife.

Measure of Success

The following statement reviews the performance of South Gippsland Shire Council against the Measure of Success Indicators of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Indicator	Target or Desired Trend	Comment	Target
The number of planted trees to offset trees removed by South Gippsland Shire Council.	Trees planted	517 trees were planted in 2022/23 financial year. 2,300 trees have been planted from 2020 to 2023.	Achieved
Number of partnered revegetation activities with Landcare each year.	Minimum of two per annum	Four partnered activities in 2022/23: <ul style="list-style-type: none"> • Van Cleef Planting. • Friends of Baths Road Reserve (Multiple working bees/events). • Pedal and Plant Day. • Kongwak Hills Landcare: Pioneer Reserve Planting. 	Achieved
Number of Council environmental educational activities held.	Minimum of two per annum	Five Environmental Education Activities were supported in 2022/23: <ul style="list-style-type: none"> • Landcare, Coastcare, Council, Venus Bay Community Centre. • Weeds in South Gippsland: Your backyard, our backyard. • Fire safety Signs for Venus Bay Community Centre (Council, CFA, Venus Bay Community Centre). • Great Southern Rail Trail workshop for Landcare and Council partnership. • South Gippsland Deer Forum 	Achieved
Inspections of the Great Southern Rail Trail for general condition and hazard identification.	Quarterly inspections	Inspections occur every fortnight to weekly, on segments of the trail.	Achieved
Percentage of kerbside collection waste diverted from landfill.	Maintain or Increase	53.61 per cent of kerbside waste diverted.	Achieved
<i>[Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill]</i>			Achieved



Parks and Gardens team planting in Mirboo North

Major Initiatives

The following comments review the performance of South Gippsland Shire Council against the 2022/23 Annual Initiatives of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Initiative	Comment	Target
Partner with land managers, farmers and Landcare to develop and implement weed and pest mitigation programs.	Four partnered activities were held with Landcare and volunteer groups, and five environmental education activities were held in collaboration with other groups. All events were targeted towards improved weed and pest management. They include: Pedal and Plant Day, South Gippsland Deer Forum, Great Southern Rail Trail workshop Weeds in South Gippsland (your backyard, our backyard) and several planting days.	Achieved
Establish a 'Greenhouse Alliance for Greenhouse Action' with the Gippsland councils to create a shared vision, partner on the development and delivery of projects which will mitigate greenhouse gas emissions and adapt communities to a changing climate.	The Greenhouse Alliance has been formed and a draft Strategic Plan has been developed to guide the activities of the Alliance for the next 12 months.	Achieved
Commence the development of the Waste Management Plan, including investigation of 'Food Organics, Green Organics' (FOGO).	Project commenced and has been re-named as the Waste and Resource Recovery Plan.	Achieved
Develop an Integrated Water Management Plan for South Gippsland.	The development of an Integrated Water Management Plan has commenced. Data analysis is underway and stakeholder meetings are occurring across the municipality and with relevant authorities.	Progressed
Develop a Tree Replacement Plan for trees removed by South Gippsland Shire Council.	Council's Tree Management Plan includes tree removal and replacement. A review of the Plan is underway.	Achieved
Support community-led sustainability initiatives including off-grid technologies and totally renewable communities.	Regular attendance at community meetings and liaising with partners for input into projects.	Achieved

Initiative	Comment	Target
Advocate for improved pest management and control including feral animals within the Shire.	Council continues to work closely with Landcare to support partnered advocacy on pest and weed management, including support in development of their Biodiversity Protection Plan.	Achieved
Continue to deliver South Gippsland the Indigenous Native Vegetation Planting Program and explore partnership opportunities to expand the Program.	A native tree planting program was delivered with more subscribers than anticipated. The high level of interest from the community supports an expansion of this Program to accommodate the increased demand. Grants for revegetation works were also delivered to local community groups as well as 'trust for nature' funding to help maintain and manage protected vegetation.	Achieved



Great Southern Bale Trail at Outtrim

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 2020	Results 2021	Results 2022	Results 2023	Material Variation
WASTE COLLECTION					
Satisfaction					
Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x 1,000	92	100	105	114	The increase is due to a 30 per cent increase in damaged garbage bins or lids and a 32 per cent increase in missing or stolen garbage bins. Kerbside complaints have, however, reduced by 31 per cent.
Service standard					
Service standard Kerbside collection bins missed [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000	7	5	4	4	No comment – material variation not greater or less than 10 per cent.
Service cost					
Cost of kerbside garbage bin collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$138	\$141	\$161	\$165	No comment – material variation not greater or less than 10 per cent.
Service cost					
Cost of kerbside recycling bin collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$65	\$75	\$75	\$80	No comment – material variation not greater or less than 10 per cent.
Waste diversion					
Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	53%	52%	52%	54%	No comment – material variation not greater or less than 10 per cent.

Services Funded

The following statement provides information in relation to the services funded in the 2022/23 Budget that supports the Council Plan Theme *Protecting and Enhancing our Environment* and the persons or sections of the business area responsible.

Business Area	Description of Services Provided	Net Cost	
		Actual \$000	Budget \$000
		Variance \$000	
Sustainable Infrastructure Management	The Sustainable Infrastructure Management provides services including: <ul style="list-style-type: none"> • Infrastructure Planning • Infrastructure Delivery • Infrastructure Maintenance • Open Space and Environment. 	\$174	
			\$374
			\$200
Open Space and Environment	The Open Space and 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.	\$5,546	
			\$5,625
			\$79



Parks and Gardens team conducting spraying

COUNCIL PLAN THEME SIX: Sustainable Growth

Objective

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

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

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

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

Priorities

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



Measure of Success

The following statement reviews the performance of South Gippsland Shire Council against the Measure of Success Indicators of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Indicator	Target or Desired Trend	Comment	Target
Number of planning applications decided within required time frame. <i>[Percentage of planning application decisions made within 10 days and regular planning application decisions made within 60 days]</i>	Increase	Ongoing vacancies have impacted the case loads of current staff, leading to increased processing times.	Not Achieved
Council planning decisions upheld at VCAT. <i>[Percentage of planning application decisions subject to review by VCAT that were not set aside]</i>	Increase	Five decisions taken to VCAT during the reporting period, with three decisions upheld.	Not Achieved
Time taken to decide planning applications. <i>[Median number of days between receipt of a planning application and a decision on the application]</i>	Decrease	Application processing times have increased compared to the 2021/22 financial year which can be attributed to staff leave, ongoing position vacancies in the senior space, and delays associated with application referral response times. Whilst the vacancies were filled in May 2022, the impact of this on the processing times is not reflected in the 2022/23 figures.	Not Achieved



Major Initiatives

The following comments review the performance of South Gippsland Shire Council against the 2022/23 Annual Initiatives of the 2022-2026 Council Plan identified in the 2022/23 Budget.

Initiative	Comment	Target
Complete actions from the Social and Affordable Housing Strategy to increase State and Federal Government support to service agencies.	The Social and Affordable Housing Strategy was adopted at the 17 August 2022 Council Meeting. South Gippsland Shire Council has continued to engage with the Department of Families, Fairness and Housing (DFFH) and Homes Victoria. A review of Council's crown land in Leongatha, Foster, Mirboo North and Korumburra for consideration towards future social housing contributions was completed. Council adopted the Planning Scheme Amendment Review, which incorporates the Affordable Housing Strategy and included supporting policy in the Planning Scheme.	Achieved
Review Short Stay Accommodation management and consider future options.	Short stay accommodation was included as part of the initial consultation in the General Local Law review. Feedback is currently being reviewed.	Progressed
Complete a review of Shire-wide industrial land supply.	A review of industrial land supply has been completed. A final strategy will be developed for Council consideration in 2023/24.	Achieved
Commence the preparation of a development plan (including developer contributions) for the south western precinct of Nyora, as part of the Nyora Development Strategy.	Scoping works underway for a preferred development contributions system that can consider long-term staged development.	Not Achieved
Prepare a Coastal Strategy to inform any future Planning Scheme provisions that will seek to guide sustainable land use and development in South Gippsland Shire's coastal townships and communities.	A draft Coastal Strategy has been developed.	Progressed
Implement actions from the Industrial Land Supply Study.	The implementation of the Industrial Land Supply Study cannot be implemented until the final Strategy is adopted in 2023/24.	Not Achieved
Undertake a comprehensive review of South Gippsland Shire's Planning Scheme to assess whether the Scheme's provisions such as local planning policies, zones, overlays and schedules have been effective in achieving the objectives and strategies of the Planning Scheme and aligns with the Council Plan.	The South Gippsland Planning Scheme Review was completed and adopted at the June 2023 Council Meeting.	Achieved
Consider if additional measures including enforceable environment, design and development overlays are required for future use and amenity by October 2023.		

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 2020	Results 2021	Results 2022	Results 2023	Material Variation
STATUTORY PLANNING					
Timeliness					
Time taken to decide planning applications [The median number of days between receipt of a planning application and a decision on the application]	77	83	99	174	Application processing times have increased compared to the 2021/22 financial year which can be attributed to staff leave, ongoing position vacancies in the Senior space, and delays associated with application referral response times. Whilst the vacancies were filled in May 2022, the impact of this on the processing times is not reflected in the 2022/23 figures.
Service standard					
Planning applications decided within required time-frames [(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	55%	48%	40%	25%	Ongoing vacancies have impacted the case-loads of current staff, leading to increased processing times. There were also issues with inaccuracies with Statutory clock mechanism used to measure processing times during 2022/23. This impacted the reporting time-frames for some applications.
Service cost					
Cost of statutory planning service [Direct cost of the statutory planning service / Number of planning applications received]	\$1,748	\$1,385	\$1,442	\$1,944	Increase attributed to higher spend on VCAT advocacy and agency staff compared to previous years.
Decision making					
Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside South Gippsland Shire Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100	71%	50%	75%	60%	Five decisions taken to VCAT during the reporting period, with three decisions upheld.

Services Funded

The following statement provides information in relation to the services funded in the 2022/23 Budget that supports the Council Plan Theme *Sustainable Growth* and the persons or sections of the business area responsible.

Business Area	Description of Services Provided	Net Cost		
		Actual \$000	Budget \$000	Variance \$000
Planning and Building	<p>Planning Services</p> <p>The Planning Services team undertakes strategic planning to prepare long-term land use planning policies and planning schemes, aligned to State Government requirements, to address a range of environmental, economic and social matters. It supports community members to ensure their development needs align with these policies and planning schemes through their planning permits.</p> <p>This team also includes Strategic Planning which produces land use and development policy for South Gippsland Shire Council and processes amendment and other applications under the <i>Planning and Environment Act 1987</i> and the <i>Subdivision Act 1988</i> mainly to rezone land. It also undertakes Town Structure Planning, Open Space Planning, Rural Planning and a wide range of issues related to Rural and Regional Planning.</p> <p>Building Services</p> <p>The Building and Planning Compliance Team serves the community by promoting compliance with various Acts and Regulations which exist to ensure that the community are safe when occupying buildings and that the general public are adherent to applicable legislative requirements with respect to land use objectives.</p> <p>South Gippsland Shire Council is bound by <i>s.212 of the Building Act 1993</i> and the <i>Planning and Environment Act 1987</i>.</p>	\$1,238	\$344	\$894



OUR GOVERNANCE

- GOVERNANCE INFORMATION
- STATUTORY INFORMATION
- GOVERNANCE AND MANAGEMENT CHECKLIST



Wilsons Promontory

Governance Information

Legislation

South Gippsland Shire Council is constituted under the *Local Government Act 2020 (Act)*. 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.

Participation with Council

South Gippsland Shire Council welcomes community attendance and participation at Council and Council Meetings and provide their input into Council's decision-making processes in a variety of different ways.

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 are available on Council's website.

Council holds Community Days on the fourth Wednesday of each month. These days create opportunities for members of the community or community groups to meet with Councillors and show them projects in their local areas, and talk about matters they wish to share with Councillors.

There are also opportunities to speak directly with Councillors, provide feedback on Council strategies and plans, and through other opportunities presented such as Meet the Mayor and Deputy Mayor sessions that were held at numerous points throughout the year.

Council Meetings

South Gippsland Shire 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.

Council Meetings, Special Committees and the Election of the Mayor and Deputy Mayor are governed by the adopted Governance Rules (C82). South Gippsland Shire 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 are exercised in accordance with adopted Council policies and relevant legislation.

Meetings are held in an open manner, only closing parts of some meetings to consider confidential matters or other exceptions as designated under section 66 and section 3(1) of the *Local Government Act 2020*.

Attendance at Meetings

Councillor	Council Meetings Attended	Additional Meetings Attended	All Meetings
Councillor Adrian Darakai	12 of 12 meetings	1 of 1 meeting	13 of 13 meetings
Councillor Mohya Davies <i>Mayor until November 2022.</i>	12 of 12 meetings	1 of 1 meeting	13 of 13 meetings
Councillor Mick Felton	8 of 12 meetings	0 of 1 meeting	8 of 13 meetings
Councillor Sarah Gilligan	10 of 12 meetings	1 of 1 meeting	11 of 13 meetings
Councillor Nathan Hersey <i>Deputy Mayor until November 2022. Mayor from November 2022.</i>	11 of 12 meetings	1 of 1 meeting	12 of 13 meetings
Councillor Jenni Keerie	11 of 12 meetings	1 of 1 meeting	12 of 13 meetings
Councillor Scott Rae	12 of 12 meetings	1 of 1 meeting	13 of 13 meetings
Councillor John Schelling	12 of 12 meetings	1 of 1 meeting	13 of 13 meetings
Councillor Clare Williams <i>Deputy Mayor from November 2022.</i>	9 of 12 meetings	1 of 1 meeting	10 of 13 meetings
Municipal Monitor Prue Digby	4 of 4 meetings	Not Applicable	4 of 4 meetings

Delegated Committees

No delegated committees were held in the period 2022 to 2023 as there were no delegated committees created under section 63 of the *Local Government Act 2020*.



Welcome to Country and Smoking Ceremony

Community Asset Committees

South Gippsland Shire Council's Community Asset 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 and 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.
Meeniyan Sports Stadium Community Asset Committee	To manage the Meeniyan 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.

Councillor Code of Conduct

The *Councillor 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 South Gippsland Shire Council's vision for the Shire. Between November 2021 and January 2022, the newly elected Councillors reviewed and updated the Code. The initial version was signed in the presence of the Chief Executive Officer at their swearing-in ceremony on 16 November 2021.

All Councillors then signed the revised code, again in the presence of the Chief Executive Officer following Council's adoption of it on 16 February 2022, in accordance with the *Local Government Act 2020*. The Code was considered again by Councillors at the 19 October 2022 Council Meeting to ensure that it was keeping with good governance practices. The Code was again signed by each Councillor in the presence of the Chief Executive Officer.

Conflicts of Interest

Councillors are elected by residents and ratepayers to act in the best interests of the community. Being a Councillor requires personal interests to be set aside so decisions can be made impartially. When Council delegates its powers to a Council Officer or 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.

During 2022/23, there were 12 conflict of interests declarations by Councillors at Council Meetings.



Walter J Tuck Recreation Reserve – Mirboo North

Councillor Remuneration and Expenses

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

The Victorian Independent Remuneration Tribunal (VIRT) makes determinations on a regular basis to set the allowances to be paid to Mayor Deputy Mayor and Councillors. This can be found on the VIRT website. 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 Councillor expenses for 2022/23 with each category explained on the next page:

Councillor Allowances	Allowance inc. Superannuation	Travel and Vehicle Expenses	Conference, Training and Development	Other	Total
Councillor Adrian Darakai	\$33,734	\$0	\$6,000	\$474	\$40,208
Councillor Mohya Davies <i>Mayor until November 2022.</i>	\$60,223	\$8,530	\$1,407	\$1,185	\$71,345
Councillor Mick Felton	\$33,734	\$0	\$0	\$620	\$34,354
Councillor Sarah Gilligan	\$33,734	\$3,406	\$6,897	\$718	\$44,775
Councillor Nathan Hersey <i>Deputy Mayor until November 2022. Mayor from November 2022.</i>	\$87,986	\$8,832	\$5,977	\$741	\$103,536
Councillor Jenni Keerie	\$33,734	\$0	\$32	\$813	\$34,579
Councillor Scott Rae	\$33,734	\$1,435	\$3,024	\$604	\$38,797
Councillor John Schelling	\$32,477*	\$0	\$0	\$443	\$32,920
Councillor Clare Williams <i>Deputy Mayor from November 2022.</i>	\$45,907	\$4,691	\$9,693	\$848	\$61,139

* Cr Schelling's allowance differentiation is related to a lump-sum super contribution paid earlier in 2022.

Expense Categories

- **Allowances including Superannuation.**
 - › To support their service to South Gippsland Shire Council, the Mayor, Deputy Mayor and Councillors each receive an allowance, including the required superannuation contribution.
- **Travel/Childcare Reimbursements and Vehicle Expenses.**
 - › Council's *Councillor Support and Expenditure Policy* (C51) adopted on 16 March 2022, provides for the reimbursement of travel costs, depreciation, insurance and/or use of private vehicles and childcare while conducting Council business. Councillors use of private vehicles is at the prescribed Australian Tax Office rate of reimbursement. Reimbursements also include parking fees and public transport costs. One Councillor has use of a Council-supplied vehicle.
- **Conference, Training and Development.**
 - › This category covers costs associated with the Mayor and Councillors attendance at professional development courses and conferences. Advocacy costs are also covered in this category and refer to costs associated with Councillors attending meetings on behalf of Council. These costs include airfares, parking, accommodation, meals (where applicable) and subscription fees.
- **Other Expenses.**
 - › Council provides access to materials, printing, stationery, subscriptions, memberships, uniforms, mobile telephone and other resources to assist Councillors to fulfil their roles. These costs include various usage of these resources throughout the year.



Mirboo North Winterfest

Audit and Risk Management Framework

South Gippsland Shire 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 *Local Government Act 2020* 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, which was established 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.

Section 54 of the *Local Government Act 2020* requires Council to prepare and approve an Audit and Risk Committee Charter, which was adopted by Council at its 15 February 2023 Meeting. The following changes were included:

- Appointment of a second Councillor on the Committee, bringing total membership to five (two Councillors and three independent members);
- To advise the Committee of any work undertaken by the Internal Auditor outside of planned audits;
- A review of the reimbursement of expenses of Councillors and members of the Audit and Risk Committee; and
- To further define the role of the Chair.

Committee Membership

The Audit and Risk Committee Charter requires the Committee to have three independent members who may serve a maximum of two consecutive terms of three years, subject to satisfactory performance. Two of these roles became vacant during the 2022/23 year due to the conclusion of one member's term (Mr Homi Burjorjee) and the resignation of the other (Mr Chris Badger). The ensuing recruitment process led to the appointment of two new independent members (Mr Mick Jaensch and Ms Marilyn Kearney) in February 2023.

Prior to February 2023, the Audit and Risk Committee Charter allowed for one Councillor member and this role was occupied by Councillor Sarah Gilligan. The updated Charter allowed for the appointment of a second Councillor to the Committee, Councillor Jenni Keerie.

Attendees	2022/23 Meetings Attended
Independent Members	
Mr Chris Badger	2 of 4 meetings
Mr Homi Burjorjee	2 of 4 meetings
Ms Jennifer Johanson	4 of 4 meetings
Mr Mick Jaensch	2 of 4 meetings
Ms Marilyn Kearney	2 of 4 meetings
Council Members	
Cr. Sarah Gilligan	4 of 4 meetings
Cr. Jenni Keerie	2 of 4 meetings
Observers	
Prue Digby	2 of 4 meetings
Ex-Officio Members	
Cr. Mohya Davies (Mayor)	2 of 4 meetings
Cr. Nathan Hersey (Mayor)	2 of 4 meetings
Auditors	
Victorian Auditor General Office representative	4 of 4 meetings
Crowe (Internal Audit Provider)	3 of 4 meetings
RSD (Internal Audit Provider)	1 of 4 meetings

Internal Audit

South Gippsland Shire 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 Crowe, who were appointed on 18 May 2022 following a public tender, for an initial term of four years, which concludes on 1 July 2026 (option of a one year extension).

A risk-based Internal Audit Program 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 Internal Audit Program is reviewed and approved by the Audit and Risk Committee annually.

The Internal Auditor attends each Audit and Risk Committee meeting to report on the status of the Internal Audit Program, which consists of an update on the implementation of audit recommendations and presenting 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 Internal Audit Program for 2022/23 was completed with the following reviews conducted:

- Community Satisfaction, Customer Service & Complaints (RSD).
- Records Management (RSD).
- Councillor Compliance (Crowe).
- Privacy (Crowe).

External Audit

South Gippsland Shire Council is externally audited by the Victorian Auditor-General Office (VAGO). For the 2022/23 financial year, the annual external audit of Council's Financial Statements and Performance Statement was conducted by VAGO. External auditors from VAGO attended the 7 October 2022, 13 December 2022, 7 March 2023 and 20 June 2023 Audit and Risk Committee 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.

Risk Management

Following the adoption of the *Council Plan 2022-2026*, it was timely to update South Gippsland Shire Council's strategic risks to ensure that the Plan can be delivered. Two workshops were held on 22 March and 12 April with Councillors, the Executive Leadership Team and members of the Audit and Risk Committee to have a fresh look at the strategic risks facing South Gippsland Shire Council.

Since the strategic risk workshop with Councillors, Jardine, Lloyd Thompson's annual Industry Report for local government has been received. This was an opportunity for Councillors to consider and reflect on the risk trends across local government nationally, and in particular to note the similarities between national identified risks and the risks identified in the recent risk workshop.

Following the workshops held with Councillors, the Audit and Risk Committee and senior Council Officers, draft risks were formulated and presented to the Executive Leadership Team for feedback in June. It should be noted that these risks are closely aligned with the risks identified across the sector as discussed above.

Officers are proceeding to fully develop each of the 10 risks for consideration by Council.

Statutory Information

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

Documents available for public inspection

In accordance with section 57 and 58 of the *Local Government Act 2020*, documents and information available to the public will be managed as set out in South Gippsland Shire Council's Public Transparency Policy.

A list of documents available for inspection under the various Acts Council is subject to, can be found in Council's Part II Statement in accordance with section 7 of the *Freedom of Information Act 1982*, which is available on Council's website.

Procurement

South Gippsland Shire Council adopted a revised *Procurement Policy* on 20 July 2022 to comply with sections 108 and 109 of the *Local Government Act 2020*. The Policy sets out the processes and procedures that apply to the purchase of goods and services, while ensuring our commitment to guiding principles apply to each procurement.

In the 2022/23 financial year, 40 contracts were awarded, six of these were a Closed Request for Quote (Closed Tender) process, while the remaining 34 were subject to a Public Tender process.

Contracts

In accordance with South Gippsland Shire Council's *Procurement Policy* adopted on the 20 July 2021 as required by section 108 of the *Local Government Act 2020*, Council followed the 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 were 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).

Contracts awarded by Council can be found on Council's website.

Disability Action Plan

In accordance with section 38 of the *Disability Act 2006*, South Gippsland Shire 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 the existing Disability Action Plan was held over while the *2022-2025 Municipal Public Health and Wellbeing Plan* was developed and endorsed by Council in 2022. To ensure the Disability Action Plan is representative of people with disability, a newly formed Access and Inclusion Committee will be established in late 2023, with Terms of Reference and an Expression of Interest currently being drafted.

Actions that are completed on an ongoing basis are outlined below:

- Support for communities to consider access and inclusion in their planning for events and activities;
- Access auditing of Council's community assets, including buildings and reserves, and designated accessible parking, continues on a rolling basis; and
- Implementation of the *South Gippsland Municipal Public Health and Wellbeing Plan*, including monitoring actions from partner agencies within South Gippsland.

Domestic Animal Management Plan

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

The *Domestic Animal Management Plan 2022-2025* was adopted at the 16 November 2022 Council Meeting and outlines the services, programs and policies established to address the administration of the *Domestic Animals Act 1994* and the management of dog and cat issues in the community.

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

- 'Lifetime tags' for animal identification.
- Lost/found dogs and cats advertised on Council's social media outlets.
- Animal registration database used to identify unregistered Domestic Animal Businesses.
- 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.
- Officers provided with access to the Bureau of Animal Welfare extranet site.

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 required to be published by the Council under section 98 of the *Local Government Act 2020*.

No such ministerial directions were received by South Gippsland Shire Council during this financial year.

Road Act Ministerial Directions

In accordance with section 22 of the *Road Management Act 2004*, South Gippsland Shire 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.

Freedom of Information

The *Freedom of Information Act 1982* provides the community with the right to request access to information held by South Gippsland Shire Council. Access to certain types of documents may be limited by exemptions outlined in the Freedom of Information Act.

Documents can be requested as detailed in section 17 of the *Freedom of Information Act 1982*. To be valid, an application must:

- Be in writing;
- Provide as much information about the documents being sought as practicable, so an officer of Council can identify the documents being requested; and
- Be accompanied by an application fee.

Requests for documents in the possession of Council should be addressed to the Freedom of Information Officer. Requests can also be lodged online or by email.

Council received 22 Freedom of Information applications in 2022/23.

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.

This financial year, South Gippsland Shire Council received a developer contribution of \$136,008 in February 2023, being the development contribution fee for Stage Two of the Botanica Estate subdivision (Linked to Planning Permit 2021/366).

National Competition Policy

South Gippsland Shire 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 the Policy during 2022/23.

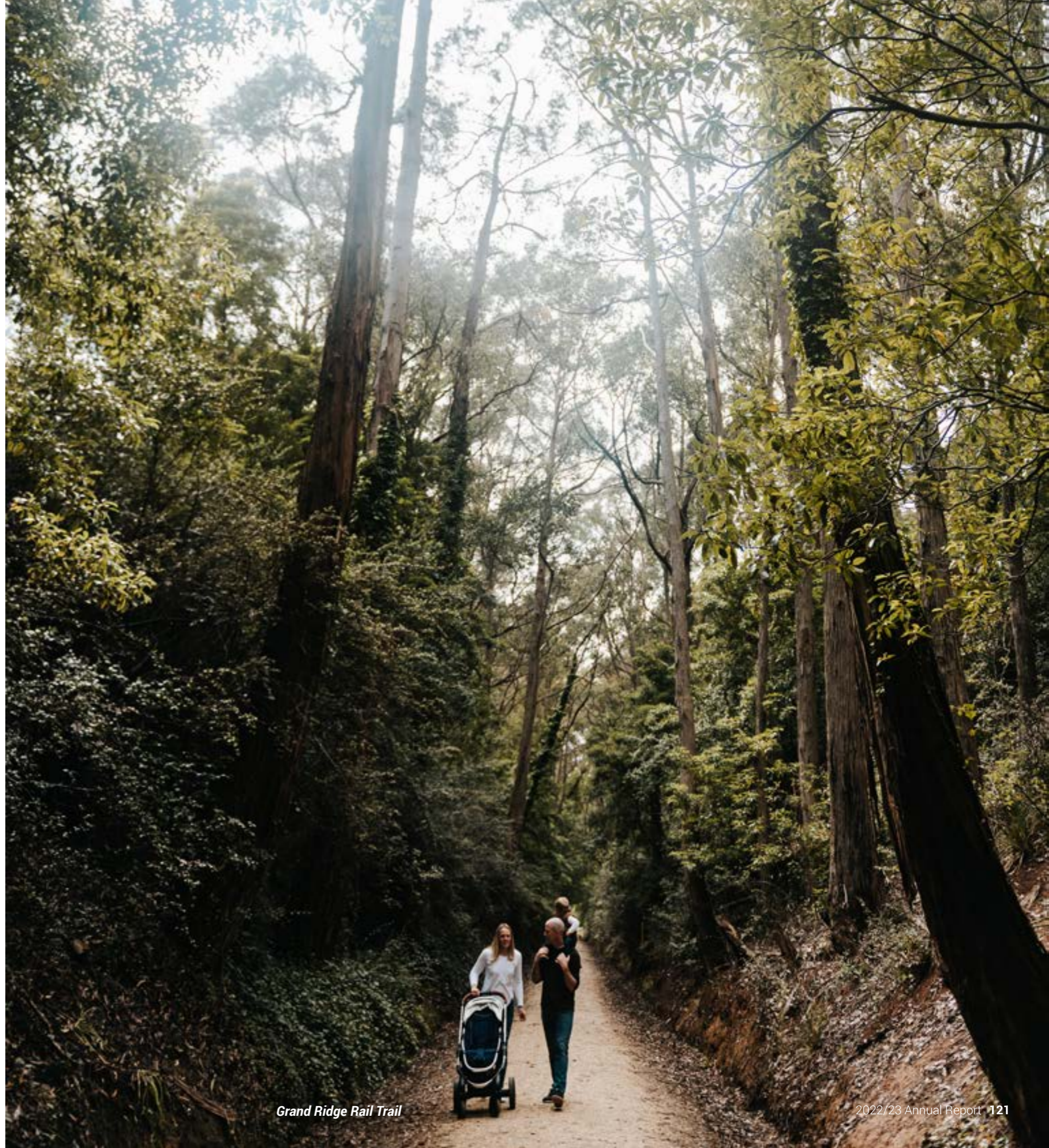
Public Interest Disclosure

A Council must include in their Annual Report information about how to access procedures established by the Council under Part 9 of the *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.

South Gippsland Shire 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 2022/23 financial year, there was one disclosure received by Council's Officers appointed to receive disclosures to which the Public Interest Disclosure Guidelines applied. One assessable disclosure was referred to the Independent Broad-based Anti-corruption Commission for assessment.



Governance and Management Checklist

The following are the results in the prescribed form of South Gippsland Shire Council's assessment against the prescribed Governance and Management Checklist. Unless otherwise stated 'the Act' refers to the *Local Government Act 2020*.

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. Communication and Engagement Policy. Date of Adoption: 24 February 2021
2	Community Engagement Guidelines Guidelines to assist staff to determine when and how to engage with the community.	Community Engagement Strategy 2020-2024. Date of Adoption: 19 May 2021 As part of this process, Council's Community Engagement Guidelines 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 10 financial years.	Adopted in accordance with section 91 of the Act. Financial Plan 2022/23-2031/32. 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 10 years.	Adopted in accordance with section 92 of the Act. Asset Plan 2022/23-2031/32. 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. Revenue and Rating Plan 2022-2026. 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. Annual Budget 2022/23-2025/26. Date of Adoption: 29 June 2022
7	Risk Policy Policy outlining Council's commitment and approach to minimising the risks to Council's operations.	Risk Management Policy. Date of Adoption: 24 February 2021
8	Fraud Policy Policy outlining Council's commitment and approach to minimising the risk of fraud.	Fraud and Corrupt Conduct Policy. Date of Adoption: 19 May 2021

Item No.	Government and Management Items	Assessment
9	Municipal Emergency Management Plan Plan under section 60ADB of the <i>Emergency Management Act 2013</i> for emergency mitigation, response and recovery.	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 that: <ul style="list-style-type: none"> • Council establish the Municipal Emergency Management Planning Committee in accordance with the provision of section 68 of the <i>Emergency Management Legislation Amendment Act 2018</i>; and • Council participate in the preparation and maintenance of the <i>Municipal Emergency Management Plan</i> through the Municipal Emergency Management Planning Committee. Established: 21 April 2021 Council Meeting. Date of Approval: Municipal Emergency Management Plan adopted by the South Gippsland Municipal Emergency Management Planning Committee on 6 August 2021 . Endorsed by the Regional Emergency Management Committee on 2 September 2021 . Municipal Emergency Management Plan's are required to be assured on a three-year basis and is due by August 2024.
10	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.	Procurement Policy prepared and adopted in accordance with sections 108 and 109 of the Act. Date of Adoption: 20 July 2022.
11	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.	The Business Continuity Plans – Part A and Part B including Council's Business Continuity Management Policy were endorsed by the Audit and Risk Committee. Date of Endorsement: 13 December 2022.
12	Disaster Recovery Plan Plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster.	Endorsed by the Strategic Risk Committee. Date of Adoption: February 2019. Last updated: May 2020.
13	Risk Management Framework Framework outlining Council's approach to managing risks to the Council's operations	Risk Management Framework. Date of Adoption: 24 February 2021.
14	Audit and Risk Committee Advisory committee of Council under section 53 and 54 of the Act.	Audit and Risk Committee established in accordance with section 53 of the Act. Date of Establishment: 26 August 2020. South Gippsland Shire Council Audit and Risk Committee Charter was adopted by Council on 15 February 2023 in accordance with section 54 of the Act.

Item No.	Government and Management Items	Assessment
15	<p>Internal Audit</p> <p>Independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls.</p>	<p>Internal Auditor engaged.</p> <p>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 Crowe, who were appointed on 18 May 2022 following a public tender, for an initial term of four years, which concludes on 1 July 2026, with the option of a one year extension.</p>
16	<p>Performance Reporting Framework</p> <p>A set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 98 of the Act.</p>	<p>Performance Reporting Framework is set out in the <i>Council Plan 2020-2024</i> and the <i>2021/22 Annual Budget</i>.</p> <p>Date of Adoption: 23 June 2021.</p> <p>A new <i>Council Plan 2022-2026</i> was adopted at the 29 June 2022 Council Meeting.</p>
17	<p>Council Plan Report</p> <p>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.</p>	<p><i>Council Plan 2020-2024.</i></p> <p>Date of Adoption: 29 June 2022.</p> <p>Council Plan and Annual Plan reporting is provided in the <i>Organisational Performance Reports</i> to Council conducted quarterly.</p> <p>Date of reports:</p> <ul style="list-style-type: none"> • Full Year 2021/22 compiled for the Annual Report based on the <i>Council Plan 2020-2024</i> and 2021/22 Annual Initiatives adopted 19 October 2022 Council Meeting. • Quarterly Performance Report based on the Council Plan 2022-2026 include: <ul style="list-style-type: none"> › 2022/23 first quarter report adopted 16 November 2022 Council Meeting. › 2022/23 half-year report adopted 15 March 2023 Council Meeting. › 2022/23 third quarter report adopted 17 May 2023 Council Meeting.
18	<p>Quarterly Budget Reports</p> <p>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 2022/23-2031/32.</i></p> <p>Date of Adoption: 29 June 2022.</p> <p>Financial reporting provided in Quarterly Performance Reports to Council. Date reports presented:</p> <ul style="list-style-type: none"> • 2022/23 first quarter report adopted 16 November 2022 Council Meeting. • 2022/23 half-year report adopted 15 March 2023 Council Meeting. • 2022/23 third quarter report adopted 17 May 2023 Council Meeting.
19	<p>Risk Reporting</p> <p>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 13 December 2022 as a part of the Quarterly Risk Management Report.</p>

Item No.	Government and Management Items	Assessment
20	<p>Performance Reporting</p> <p>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 2022-2026</i> and the 2022/23 Annual Initiatives are reported quarterly in Council's Organisational Performance Reports as follows:</p> <ul style="list-style-type: none"> • 2022/23 first quarter report adopted 16 November 2022 Council Meeting. • 2022/23 half-year report adopted 15 March 2023 Council Meeting. • 2022/23 third quarter report adopted 17 May 2023 Council Meeting.
21	<p>Annual Report</p> <p>Annual report under sections 98 and 99 of the Act containing a report of operations and audited financial and performance statements.</p>	<p>The adoption of the Annual Report, inclusive of the endorsement of the Annual Financial and Performance Statements occurred at the Council Meeting on 19 October 2022. An unqualified opinion was received from the Victoria Auditor-General's Office and the certificate was included in the 2021/22 Annual Report and published on Council's website.</p>
22	<p>Councillor Code of Conduct</p> <p>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>Councillor Code of Conduct.</p> <p>Date of Adoption: 16 February 2022. Updated 19 October 2022 with minor amendments.</p>
23	<p>Delegations</p> <p>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.</p>	<p>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.</p> <p>The delegations were signed by the CEO on:</p> <ul style="list-style-type: none"> • Council to CEO (S5) - 16 March 2022. • Council to Staff (S6) – 15 August 2023. • Sub-delegation by CEO to Staff (S7) – 6 March 2023. • Sub-delegation by CEO to Staff (S7A) - under <i>Local Government Act 1989</i> and <i>Local Government Act 2020</i> – 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) – 6 March 2023. • Sub-delegation by CEO Powers, Duties and Functions to Staff (S13A) - 10 June 2020. • CEO to Staff (VICSmart Applications) under the <i>Planning and Environmental Act 1987</i> (S14) – 2 September 2023. • CEO to Staff (Bushfire Reconstruction Application under the <i>Planning and Environment Act 1987</i>) (S16) – 6 March 2023. • CEO to Staff under the <i>Child Wellbeing and Safety Act 2005</i> (S20a) – 21 July 2023.

Item No.	Government and Management Items	Assessment
24	<p>Meeting procedures</p> <p>Governance Rules under section 60 of the Act governing the conduct of meetings of Council and delegated committees.</p>	<p>Adopted in accordance with section 60 of the Act. Governance Rules (C82).</p> <p>Date of Adoption: 19 October 2022.</p>

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

 Kerryn Ellis
Chief Executive Officer
Date: 18 October 2023

 Cr Nathan Hersey
Mayor
Date: 18 October 2023



PERFORMANCE STATEMENTS

FOR YEAR ENDED 30 JUNE 2023



Strzelecki

Performance Statement for the year ended 30 June 2023

Description of Municipality

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

South Gippsland spans 3,308 square kilometres of agriculturally rich land which is used for dairy, beef, sheep and vegetable production. Viticulture, fishing and tourism also contribute significantly to the local economy.

Key attractions include the Port Welshpool Long Jetty, Cape Liptrap Coastal Park, Coal Creek Community Park and Museum, the Great Southern Rail Trail, the Grand Ridge Rail Trail and, of course, the iconic Wilsons Promontory National Park.

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 plus or minus 10 per cent compared to the previous three years.

Sustainable Capacity Indicators for the year ended 30 June 2023

Service	Results 2020	Results 2021	Results 2022	Results 2023	Material Variation
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	\$2,461.92	\$2,127.22	\$2,650.17	\$2,489.05	Expenditure in 2021/22 was higher due to the impact of natural disasters works completed in that year.
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$16,159.66	\$16,663.85	\$18,060.29	\$21,154.95	Asset unit rates have increased in value because of material and construction cost increases. Revaluations occurred for several infrastructure asset classes as a result.
Population density per length of road [Municipal population / Kilometres of local roads]	14.24	14.43	14.52	14.62	No material variation.
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,687.37	\$1,672.90	\$1,769.73	\$1,831.49	The increase in 2022/23 is primarily due to higher interest received on investments as a result of increased interest rates.
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$482.28	\$456.33	\$599.87	\$602.22	The increase in 2022/23 is due to the pre-payment of 100 per cent of the Victoria Grants Commission payment for 2023/24, which is an uplift on prior years.
Disadvantage					
Relative socioeconomic disadvantage [Index of relative socioeconomic disadvantage by decile]	5.00	5.00	5.00	5.00	No material variation.

Service Performance Indicators for the year ended 30 June 2023

Service	Results 2020	Results 2021	Results 2022	Results 2023	Material Variation
Workforce turnover					
Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100	12.8%	12.5%	11.1%	9.6%	Over the past 12 months, Council has delivered on its commitment to developing and engaging our workforce. We have done this through a substantial investment in learning and development, mentoring, coaching and team development programs. Through this initiative, along with a greater focus on the promotion of secondments, higher duties, workplace flexibility and cross-skilling of our people, employee engagement has continued to increase which has a direct impact on staff retention.

Definitions

- **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 socioeconomic disadvantage**, in relation to a municipality, means the relative socioeconomic 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 2020	Results 2021	Results 2022	Results 2023	Material Variation
AQUATIC FACILITIES					
Utilisation					
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	3.53	2.47	3.62	4.85	Attendance to our pools has increased significantly as the community has returned to enjoying these community facilities. The increase in pool attendance was supported by zero COVID-19 restrictions in comparison to 2021/22.
ANIMAL MANAGEMENT					
Health and safety					
Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	100%	100%	100%	67%	66.67 per cent. Three prosecutions were undertaken. Two were successful and one was withdrawn at the Magistrate's discretion.
FOOD SAFETY					
Health and safety					
Critical and major non-compliance notifications [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%	98.51%	No comment – material variation not greater or less than 10 per cent.
GOVERNANCE					
Satisfaction					
Satisfaction with Council decisions [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	37	46	48	54	South Gippsland Shire Council actively seeks the views of the community to inform Council decision-making. This, coupled with strong community engagement and the return of elected representatives to Council, has seen a significant increase in satisfaction with Council decisions.

Service	Results 2020	Results 2021	Results 2022	Results 2023	Material Variation
LIBRARIES					
Participation					
Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the municipal population for the last three years] x 100	16.10%	14.86%	14.10%	13.86%	No comment – material variation not greater or less than 10 per cent.
MATERNAL AND CHILD HEALTH (MCH)					
Participation					
Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	76.41%	75.78%	71.87%	73.13%	No comment – material variation not greater or less than 10 per cent.
Participation					
Participation in the MCH service by Aboriginal children [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	83.33%	70.45%	72.73%	45.45%	The Maternal and Child Health team are working closely with the Best Start Program to try and increase the number of Aboriginal and Torres Strait Islander children in South Gippsland. Best Start is an early years initiative to support families and caregivers to provide the best possible environment and focuses on children experiencing vulnerability and all Aboriginal children. The population of Aboriginal and Torres Strait Islander children in South Gippsland is small, so small changes in participation numbers results in a large percentage variation.
ROADS					
Satisfaction					
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	47	43	42	39	Community satisfaction with sealed roads remains relatively low, despite asset condition data indicating that sealed roads in the Shire are generally in a good state of repair and within nominated service levels. Sections of road asset renewal via the road reseal and rehabilitation programs have been successfully delivered in 2022/23. The poor condition of some arterial roads in the Shire and the extent of roads adversely impacted by storm events, may also be contributing to lower community satisfaction.

Service	Results 2020	Results 2021	Results 2022	Results 2023	Material Variation
STATUTORY PLANNING					
Decision making					
Council planning decisions upheld at VCAT [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	71%	50%	75%	60%	Five decisions taken to VCAT during the reporting period, with three decisions upheld.
WASTE COLLECTION					
Waste diversion					
Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	52.53%	52.47%	51.93%	53.61%	No comment – material variation not greater or less than 10 per cent.

Definitions

- **Aboriginal child** means a child who is an Aboriginal person.
- **Aboriginal person** has the same meaning as in the *Aboriginal Heritage Act 2006*.
- **Active library borrower** means a member of a library who has borrowed a book from the library.
- **Annual report** means an annual report prepared by a Council under section 98 of the *Local Government Act 2020*.
- **Class 1 food premises** means food premises, within the meaning of the *Food Act 1984*, 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 *Food Act 1984*, 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 *Food Act 1984*, 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 *Food Act 1984*.
- **Local road** means a sealed or unsealed road for which the Council is the responsible road authority under the *Road Management Act 2004*.
- **Major non-compliance outcome notification** means a notification received by a Council under section 19N(3) or (4) of the *Food Act 1984*, 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.
- **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.
- **Population** means the resident population estimated by Council.

Dimension / Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Material Variation
EFFICIENCY									
Expenditure level									
Expenses per property assessment [Total expenses / Number of property assessments]	\$3,682.30	\$3,217.20	\$4,035.55	\$3,636.38	\$3,430.90	\$3,415.19	\$3,459.98	\$3,381.98	The decrease in expenses per property assessment in 2022/23 is primarily due to less costs related to natural disasters than in 2021/22.
Revenue level									
Average rate per property assessment [General rates and Municipal charges / Number of property assessments]	\$2,013.55	\$2,085.50	\$2,124.70	\$2,073.71	\$2,159.66	\$2,184.55	\$2,301.05	\$2,263.76	No material variation.
LIQUIDITY									
Working capital									
Current assets compared to current liabilities [Current assets / Current liabilities] x 100	345.98%	298.39%	263.15%	291.57%	148.36%	143.64%	139.45%	140.78%	The variation in this measure primarily relates to the higher cash balance at year end, due to 100 per cent receipt of the 2023/24 Financial Assistance Grant. Forecast future years are lower to actual as it is assumed that the Capital Works Program is fully delivered in those years.
Unrestricted cash									
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x 100	-101.22%	-28.41%	-99.31%	6.31%	55.22%	53.40%	48.76%	49.92%	The amount of cash held in cash and cash equivalents is higher than previous years, however is offset by lower funds being held in long term investments (Other financial assets). Forecast years assume that all capital works budgeted are completed in those years.

Dimension / Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Material Variation
OBLIGATIONS									
Loans and borrowings									
Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x 100	1.85%	7.50%	10.56%	19.16%	22.09%	28.67%	24.11%	20.22%	The increase in 2022/23 relates to the draw-down of loan proceeds for the Korumburra Community Hub and Korumburra Streetscape. 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> .
Loans and borrowings repayments compared to rates									
[Interest and principal repayments on interest bearing loans and borrowings / rate revenue] x 100	7.79%	0.54%	0.82%	1.59%	2.61%	3.53%	3.92%	3.80%	The increase in 2022/23 relates to the repayment of loans for the Korumburra Community Hub and Korumburra Streetscape. 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									
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x 100	10.26%	15.20%	20.11%	23.90%	27.87%	32.89%	28.42%	24.73%	The increase in 2022/23 relates to the draw-down of loan funds for the construction of the Korumburra Community Hub and Korumburra Streetscape.

Dimension / Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Material Variation
Asset renewal and upgrade Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x 100	124.15%	230.08%	217.83%	255.90%	292.70%	179.31%	158.03%	135.70%	The year-on-year differences relate to the schedule of annual asset renewal which can vary depending on projects completed.
OPERATING POSITION									
Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100	-7.49%	5.42%	-1.60%	3.22%	3.36%	3.55%	6.06%	6.38%	The underlying result returned to a surplus in 2022/23 due to a significant decrease in natural disaster expenses coupled with a decrease in landfill provision costs as a result of change in index and discount rates that occurred in 2021/22.
STABILITY									
Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x 100	64.08%	66.63%	58.85%	61.04%	68.01%	69.07%	69.75%	69.92%	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 pre-payment of the Victorian Local Government Grants Commission allocation, coupled with funding received for other operating grants, are particularly driving the variation in 2022/23.
Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x 100	0.49%	0.47%	0.45%	0.27%	0.29%	0.24%	0.24%	0.24%	The decline in this measure illustrates that property valuations continued to rise in 2022/23 as compared to a conservative rate cap.

Definitions

- **Adjusted underlying revenue** means total income other than:
 - › Non-recurrent grants used to fund capital expenditure; and
 - › Non-monetary asset contributions; and
 - › Contributions to fund capital expenditure from sources other than those referred to above.
- **Adjusted underlying surplus (or deficit)** means adjusted underlying revenue less total expenditure.
- **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.
- **Current assets** has the same meaning as in the Australian Accounting Standards.
- **Current liabilities** has the same meaning as in the Australian Accounting Standards.
- **Non-current assets** means all assets other than current assets.
- **Non-current liabilities** means all liabilities other than current liabilities.
- **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*.
- **Own-source revenue** means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants).
- **Population** means the resident population estimated by Council.
- **Rate revenue** means revenue from general rates, municipal charges, service rates and service charges.
- **Recurrent grant** means a grant other than a non-recurrent grant.
- **Residential rates** means revenue from general rates, municipal charges, service rates and service charges levied on residential properties.
- **Restricted cash** means cash and cash equivalents, within the meaning of the Australian Accounting Standards, 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.
- **Unrestricted cash** means all cash and cash equivalents other than restricted cash.

Other Information for the year ended 30 June 2023

Basis of Preparation

South Gippsland Shire 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 29 June 2022 and which forms part of the *2022-2026 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 visiting Council's website.

Certification of the Performance Statement for the year ended 30 June 2023

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: 18 October 2023

In our opinion, the accompanying Performance Statement of the South Gippsland Shire Council for the year ended 30 June 2023 presents fairly the results of South Gippsland Shire 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.

Nathan Hersey
Mayor
Date: 18 October 2023



Sarah Gilligan
Councillor (Audit and Risk Committee Member)
Date: 18 October 2023

Kerryn Ellis
Chief Executive Officer
Date: 18 October 2023

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 2023 sustainable capacity indicators for the year ended 30 June 2023 service performance indicators for the year ended 30 June 2023 financial performance indicators for the year ended 30 June 2023 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 2023 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>

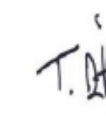
Auditor's responsibilities for the audit of the performance statement

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 2023



Travis Derricott
as delegate for the Auditor-General of Victoria

FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2023



Nyora

South Gippsland Shire Council

ANNUAL FINANCIAL REPORT
for the year ended 30 June 2023



Annual Financial Report

for the year ended 30 June 2023

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Annual Financial Report

for the year ended 30 June 2023

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Content Overview

These financial statements are General Purpose Financial Statements and cover the consolidated operations for South Gippsland Shire Council.

All figures presented in these financial statements are presented in Australian Currency.

These financial statements were authorised for issue by the Council on 18 October 2023. Council has the power to amend and reissue these financial statements.

Annual Financial Report

for the year ended 30 June 2023

Certification of the Financial Statements

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

Responsible Accounting Officer

Dated: 18 October 2023

In our opinion, the accompanying financial statements present fairly the financial transactions of South Gippsland Shire Council for the year ended 30 June 2023 and the financial position of the Council as at that date.

At the date of signing, we are not aware of any circumstances which 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.

Cr Nathan Hershey

Mayor

Dated: 18 October 2023

Cr Sarah Gilligan

Councillor

Dated: 18 October 2023

Kerryn Ellis

Chief Executive Officer

Dated: 18 October 2023

Annual Financial Report

for the year ended 30 June 2023

Victorian Auditor-General's Office Report



Victorian Auditor-General's Office

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 2023 • 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 2023 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 <i>APES 110 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>

Annual Financial Report

for the year ended 30 June 2023

Victorian Auditor-General's Office Report (continued)

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 2023

Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement

for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
Income / Revenue			
Rates and charges	3.1	48,170	46,750
Statutory fees and fines	3.2	1,031	1,042
User fees	3.3	4,557	4,294
Grants - operating	3.4	20,050	22,547
Grants - capital	3.4	14,831	10,328
Contributions - monetary	3.5	606	844
Contributions - non monetary	3.5	1,860	1,629
Net gain on disposal of property, infrastructure, plant and equipment	3.6	–	212
Fair value increment on investment properties	6.3	93	112
Share of net profits of associates and joint ventures	6.2	–	69
Other income	3.7	2,339	1,418
Found assets	3.8	3,175	410
Total income / revenue		96,712	89,655
Expenses			
Employee costs	4.1	28,957	28,662
Materials and services	4.2	24,829	31,578
Depreciation	4.3	11,374	11,705
Amortisation - Intangible assets		–	364
Amortisation - Right of use assets		92	93
Bad and doubtful debts - allowance for impairment losses		24	17
Borrowing costs		108	20
Finance Costs - Leases		7	1
Net loss on disposal of property, infrastructure, plant and equipment	3.6	122	–
Other expenses	4.4	10,851	8,271
Total expenses		76,364	80,711
Surplus/(deficit) for the year		20,348	8,944
Other comprehensive income:			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.1	84,943	59,770
Share of other comprehensive income of associates and joint ventures	6.2	–	(282)
Total items which will not be reclassified subsequently to the operating result		84,943	59,488
Total other comprehensive income		84,943	59,488
Total comprehensive result		105,291	68,432

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

Balance Sheet

as at 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
Assets			
Current assets			
Cash and cash equivalents	5.1	17,782	7,847
Trade and other receivables	5.1	6,654	6,908
Other financial assets	5.1	31,271	37,270
Inventories		159	176
Prepayments		587	348
Total current assets		56,453	52,549
Non-current assets			
Property, infrastructure, plant and equipment	6.1	763,945	660,574
Investment property	6.3	820	727
Right-of-use assets	5.7	361	454
Total non-current assets		765,126	661,755
Total assets		821,579	714,304
Liabilities			
Current liabilities			
Trade and other payables	5.2	6,638	6,120
Trust funds and deposits	5.2	1,686	1,552
Unearned income/revenue	5.2	3,342	4,922
Provisions	5.4	6,673	6,772
Interest-bearing liabilities	5.3	940	514
Lease liabilities	5.8(b)	83	89
Total current liabilities		19,362	19,969
Non-current liabilities			
Provisions	5.4	4,860	6,053
Interest-bearing liabilities	5.3	8,289	4,422
Lease liabilities	5.8(b)	281	364
Total non-current liabilities		13,430	10,839
Total liabilities		32,792	30,808
Net assets		788,787	683,496
Equity			
Accumulated surplus		272,278	251,744
Reserves	9.1	516,509	431,752
Total Equity		788,787	683,496

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

Statement of Changes in Equity

for the year ended 30 June 2023

	Note	Total \$ '000	Accumulated Surplus \$ '000	Revaluation Reserves \$ '000	Other Reserves \$ '000
2023					
Balance at beginning of the financial year		683,496	251,744	430,670	1,082
Surplus/(deficit) for the year		20,348	20,348	–	–
Other comprehensive income					
Net asset revaluation increment/(decrement)	6.1	84,943	–	84,943	–
Other comprehensive income		84,943	–	84,943	–
Total comprehensive income		105,291	20,348	84,943	–
Transfers to other reserves	9.1	–	(867)	–	867
Transfers from other reserves	9.1	–	1,053	–	(1,053)
Balance at end of the financial year		788,787	272,278	515,613	896
2022					
Balance at beginning of the financial year		615,064	243,339	371,182	543
Surplus/(deficit) for the year		8,944	8,944	–	–
Other comprehensive income					
Net asset revaluation increment/(decrement)	6.1	59,770	–	59,770	–
Share of other comprehensive income of associates and joint ventures		(282)	–	(282)	–
Other comprehensive income		59,488	–	59,488	–
Total comprehensive income		68,432	8,944	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

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

Statement of Cash Flows

for the year ended 30 June 2023

	Notes	2023 Inflows/ (Outflows) \$ '000	2022 Inflows/ (Outflows) \$ '000
Cash flows from operating activities			
Rates and charges		47,661	47,289
Statutory fees and fines		1,031	1,042
User fees		4,557	3,523
Grants - operating		20,031	23,529
Grants - capital		13,270	9,041
Contributions - monetary		606	844
Interest received		1,112	143
Trust funds and deposits taken		411	199
Other receipts		1,966	1,220
Net GST refund/payment		4,972	4,229
Employee costs		(28,842)	(28,899)
Materials and services		(29,505)	(31,452)
Trust funds and deposits repaid		(277)	(174)
Other payments		(5,181)	(2,911)
Net cash provided by/(used in) operating activities	9.2	<u>31,812</u>	<u>27,623</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(34,093)	(27,616)
Proceeds from sale of property, infrastructure, plant and equipment		2,127	849
Payments for investments		-	(4,991)
Proceeds from sale of investments		5,999	-
Net cash provided by/(used in) investing activities		<u>(25,967)</u>	<u>(31,758)</u>
Cash flows from financing activities			
Finance costs		(108)	(20)
Proceeds from borrowings		4,950	1,900
Repayment of borrowings		(657)	(362)
Interest paid - lease liability		(7)	(1)
Repayment of lease liabilities		(88)	(102)
Net cash flow provided by/(used in) financing activities		<u>4,090</u>	<u>1,415</u>
Net Increase (decrease) in cash and cash equivalents		<u>9,935</u>	<u>(2,720)</u>
Cash and cash equivalents at the beginning of the financial year		<u>7,847</u>	<u>10,567</u>
Cash and cash equivalents at the end of the financial year		<u>17,782</u>	<u>7,847</u>
Financing arrangements	5.5	12,846	8,950
Restrictions on cash assets	5.1	1,686	1,552

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 2023

	2023	2022
	\$ '000	\$ '000
Property		
Buildings	9,778	8,906
Heritage buildings	–	180
Total buildings	9,778	9,086
Total property	9,778	9,086
Plant and equipment		
Plant, machinery and equipment	2,087	1,652
Computers and telecommunications	567	728
Total plant and equipment	2,654	2,380
Infrastructure		
Roads	12,531	9,950
Bridges	228	(8)
Major culverts	72	637
Footpaths and cycleways	1,475	2,364
Drainage	1	65
Car parks	1,892	614
Land stabilisation	7	11
Waste management	545	328
Other infrastructure	4,910	2,189
Total infrastructure	21,661	16,150
Total capital works expenditure	34,093	27,616
Represented by:		
Asset renewal expenditure	27,912	24,617
Asset expansion expenditure	4,987	2,119
Asset upgrade expenditure	1,194	880
Total capital works expenditure	34,093	27,616

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

Notes to the Financial Statements

for the year ended 30 June 2023

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 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

1.1 Basis of accounting

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

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)
- 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.

Goods and Services Tax (GST)

Notes to the Financial Statements

for the year ended 30 June 2023

Note 1. Overview (continued)

Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Analysis of our results

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 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*.

	Budget 2023 \$ '000	Actual 2023 \$ '000	Variance \$ '000	Variance %	Ref
2.1.1 Income / Revenue and expenditure					
Income / Revenue					
Rates and charges	48,108	48,170	62	0%	
Statutory fees and fines	1,138	1,031	(107)	(9)%	1
User fees	4,025	4,557	532	13%	2
Grants - operating	3,689	20,050	16,361	444%	3
Grants - capital	10,553	14,831	4,278	41%	4
Contributions - monetary	1,438	606	(832)	(58)%	5
Contributions - non monetary	422	1,860	1,438	341%	6
Net gain on disposal of property, infrastructure, plant and equipment	763	-	(763)	(100)%	7
Fair value increment on investment properties	-	93	93	-	
Other income	1,185	2,339	1,154	97%	8
Found Assets	-	3,175	3,175	-	
Total income / revenue	71,321	96,712	25,391	36%	
Expenses					
Employee costs	28,544	28,957	(413)	(1)%	
Materials and services	23,768	24,829	(1,061)	(4)%	
Depreciation	12,817	11,374	1,443	11%	9
Amortisation - intangible assets	54	-	54	100%	
Amortisation - right of use assets	-	92	(92)	-	
Bad and doubtful debts - allowance for impairment losses	-	24	(24)	-	
Borrowing costs	73	108	(35)	(48)%	10
Finance costs - leases	-	7	(7)	-	
Net loss on disposal of property, infrastructure, plant and equipment	-	122	(122)	-	
Other expenses	3,195	10,851	(7,656)	(240)%	11
Total expenses	68,451	76,364	(7,913)	(12)%	
Surplus/(deficit) for the year	2,870	20,348	17,478	609%	

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Ref	Explanation
1.	Less statutory fees received than budgeted, primarily in Local Laws due to fewer infringements issued than anticipated, as well as in Statutory planning due to less complex applications.
2.	User fees are higher due to unbudgeted fees collected at Yanakie and Long Jetty Caravan Parks as a result of the delay in the establishment of the leasing arrangements. This is partially offset by lower volumes of waste collected resulting in lower than anticipated landfill user fees received.
3.	Grants operating are higher primarily due to the 100% advance payment of the 2023/24 Financial assistance grant funding allocation by the Victorian Grants Commission \$12.1M. Additional unbudgeted grant payments were also received for various storm, flood and rain events and also the council flood support fund that was received January 2023.
4.	Grants capital are higher primarily due to unbudgeted grants received for various slip repairs and storm events including the August 2019 flood event. This is partially offset by less grant funding received for the Leongatha and Korumburra Railway station precincts due to project delays.
5.	Due to timing of the collection of developer contributions as they have been received more slowly than anticipated for a number of developments. Budgeting for developer contributions income is difficult to forecast as council has no control over when the developer chooses to act on the subdivision permit. In 2022/23 a number of budgeted developments were not completed to a point where statement of compliance was requested (the trigger for payment of contributions) and are now anticipated to be completed in 2023/24.
6.	Contributions of non-monetary assets while higher than budgeted due to a conservative budget approach, are in line with the 2021-22 actual of \$1,629k.
7.	Due to budgeted land sales that did not occur in 2022/23 and are now anticipated in 2023/24.
8.	Increased interest earned on investments due to higher interest rates.
9.	Depreciation lower than budget due to the timing of the recognition of assets between budget preparation and actuals, as well as assets write-offs.
10.	Due to increased interest rates on borrowings than budgeted.
11.	Higher other expenses associated with the transfer of operational control of the Yanakie and Long Jetty Caravan Parks as well as the timing of grant payments made by Council.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

	Budget 2023 \$ '000	Actual 2023 \$ '000	Variance \$ '000	Variance %	Ref
2.1.2 Capital works					
Property					
Buildings	8,399	9,778	1,379	16%	1
Heritage buildings	106	–	(106)	(100)%	2
Total buildings	8,505	9,778	1,273	15%	
Total property	8,505	9,778	1,273	15%	
Plant and equipment					
Plant, machinery and equipment	2,367	2,087	(280)	(12)%	3
Computers and telecommunications	467	567	100	21%	4
Total plant and equipment	2,834	2,654	(180)	(6)%	
Infrastructure					
Roads	12,484	12,531	47	0%	
Bridges	320	228	(92)	(29)%	
Major culverts	67	72	5	7%	
Footpaths and cycleways	1,522	1,475	(47)	(3)%	
Drainage	–	1	1	–	
Car parks	–	1,892	1,892	–	5
Land stabilisation	–	7	7	–	
Waste management	528	545	17	3%	
Other infrastructure	5,207	4,910	(297)	(6)%	6
Total infrastructure	20,128	21,661	1,533	8%	
Total capital works expenditure	31,467	34,093	2,626	8%	
Represented by:					
Asset renewal expenditure	24,530	27,912	3,382	14%	
Asset expansion expenditure	2,769	4,987	2,218	80%	
Asset upgrade expenditure	4,168	1,194	(2,974)	(71)%	
Total capital works expenditure	31,467	34,093	2,626	8%	

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations**Variance Explanation****Ref**

1. Carry forward from 21/22 has increased the size of this program i.e Korumburra Community Hub and Leongatha Learning Centre.
2. Capital works budgeted for Coal Creek have been deferred due to the timing of the development of a new Strategic Plan for the site.
3. Delay in the delivery of major plant (wheel loader). Delivered in July 2023.
4. Delay in completion of network infrastructure for the Korumburra Community Hub, due to availability of materials and contractors.
5. Local roads community infrastructure projects added to the program, including Port Welshpool Boat Ramp Carpark and Mirboo North Pool Carpark not included in the 2022/23 budget.
6. Expenditure is behind forecast at the Leongatha Railway Precinct due to design delays by the contractor and at the Korumburra Railway Precinct due to delays by the heritage and archaeological protections on-site.

South Gippsland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2.2 Analysis of Council results by program

2.2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

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 is also a Library Board liaison 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 requests, 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.

Customer, Communications & Advocacy

The Customer, Communications 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 Mayor's 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.

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2.2 Analysis of Council results by program (continued)

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.

Economy & Community

The Economy & 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 Statements

for the year ended 30 June 2023

Note 2.2 Analysis of Council results by program (continued)

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

Functions/activities	Income / Revenue \$ '000	Expenses \$ '000	Surplus / (Deficit) \$ '000	Grants included in income / revenue \$ '000	Total assets \$ '000
2023					
Performance & Innovation Management	–	1,817	(1,817)	–	–
Financial Strategy	61,580	25,882	35,698	11,042	57,114
Digital & Technology	–	2,712	(2,712)	–	1,332
People & Culture	83	1,778	(1,695)	–	–
Governance	37	1,040	(1,003)	–	–
Customer, Communications & Advocacy	16	1,022	(1,006)	16	–
Economy & Community Management	–	296	(296)	–	–
Economy, Community & Investment	2,390	5,452	(3,062)	1,575	–
Planning & Building Services	1,026	1,875	(849)	45	–
Community Health & Safety	2,483	3,276	(793)	1,571	–
Chief Executive Office	–	516	(516)	–	–
Infrastructure Delivery	10,712	3,685	7,027	10,223	–
Infrastructure Maintenance	9,365	10,727	(1,362)	9,073	9,281
Infrastructure Planning	7,982	11,343	(3,361)	298	753,852
Sustainable Infrastructure Management	220	314	(94)	220	–
Open Space & Environment	818	4,629	(3,811)	818	–
Total functions and activities	96,712	76,364	20,348	34,881	821,579
2022					
Performance & Innovation Management	–	1,844	(1,844)	–	–
Financial Strategy	54,239	26,777	27,462	9,442	53,100
Digital & Technology	–	2,722	(2,722)	–	1,370
People & Culture	842	1,842	(1,000)	485	–
Governance	12	1,558	(1,546)	–	–
Customer, Communications & Advocacy	34	982	(948)	34	–
Economy & Community Management	–	376	(376)	–	–
Economy, Community & Investment	6,581	10,097	(3,516)	5,526	–
Planning & Building Services	1,780	1,815	(35)	75	–
Community Health & Safety	2,229	3,300	(1,071)	1,360	–
Chief Executive Office	–	440	(440)	–	–
Infrastructure Delivery	10,232	3,049	7,183	10,083	–
Infrastructure Maintenance	6,549	10,072	(3,523)	5,465	8,680
Infrastructure Planning	7,012	11,268	(4,256)	263	651,154
Sustainable Infrastructure Management	–	285	(285)	–	–
Open Space & Environment	145	4,284	(4,139)	142	–
Total functions and activities	89,655	80,711	8,944	32,875	714,304

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Funding for the delivery of our services

	2023 \$ '000	2022 \$ '000
3.1 Rates and charges		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the land value plus buildings and other improvements.		
The valuation base used to calculate general rates for 2022/23 was \$14,540 million (2021/22 \$10,539 million).		
General rates	43,319	42,227
Waste management charge	4,163	3,878
Special rates and charges	5	–
Supplementary rates and rate adjustments	229	267
Interest on rates and charges	176	185
Revenue in lieu of rates	278	193
Total rates and charges	48,170	46,750

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2023, and the valuation will be first applied in the rating year commencing 1 July 2023.

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	31	43
Local laws	60	44
Building services	207	242
Statutory planning	573	579
Supervision fees	115	111
Other	45	23
Total statutory fees and fines	1,031	1,042

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	327	341
Local Laws	456	450
Waste management services	2,914	2,455
Caravan parks	754	964
Other fees and charges	106	84
Total user fees	4,557	4,294
User fees by timing of revenue recognition		
User fees recognised over time	754	964
User fees recognised at a point in time	3,803	3,330
Total user fees	4,557	4,294

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 Statements

for the year ended 30 June 2023

Note 3. Funding for the delivery of our services (continued)

	2023 \$ '000	2022 \$ '000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	21,525	20,648
State funded grants	13,356	12,227
Total grants received	34,881	32,875
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	14,696	14,376
Immunisation	2	2
Home & Community Care	275	268
Recurrent - State Government		
Valuation Services	–	172
Family and children	301	267
Home & Community Care	136	101
School crossing supervisors	81	68
Community building	–	3
Community health	22	17
Immunisation	22	16
Maternal and child health	536	584
Other	20	10
Total recurrent operating grants	16,091	15,884
Non-recurrent - Commonwealth Government		
Natural Disasters	–	106
Non-recurrent - State Government		
Families & Children	–	18
Home & Community Care	20	20
Youth Services	245	262
Maternal and child health	–	1
Fire Services Levy Administration	54	53
Sustainability	536	676
Community Building	23	32
Natural Disasters	1,730	4,279
Recreation & Leisure	507	162
Working for Victoria	–	485
Libraries	–	67
Community Safety	105	–
Other	739	502
Total non-recurrent operating grants	3,959	6,663
Total operating grants	20,050	22,547

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Funding for the delivery of our services (continued)

	2023 \$ '000	2022 \$ '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	3,345	2,270
Other Structures	822	1,241
Non-recurrent - State Government		
Roads	6,120	229
Buildings	1,657	3,034
Bridges	–	66
Footpaths	(425)	445
Other Structures	927	612
Waste Management	–	46
Total non-recurrent capital grants	12,446	7,943
Total capital grants	14,831	10,328

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Funding for the delivery of our services (continued)

	2023	2022
	\$ '000	\$ '000

(c) 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	14,697	14,376
Specific purpose grants to acquire non-financial assets	14,831	10,328
Other specific purpose grants	5,353	8,144
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	–	27
	34,881	32,875

(d) Unspent grants received on condition that they be spent in a specific manner:**Operating**

Balance at start of year	1,231	768
Received during the financial year and remained unspent at balance date	599	1,233
Received in prior years and spent during the financial year	(632)	(770)
Balance at year end	1,198	1,231

Capital

Balance at start of year	3,283	2,532
Received during the financial year and remained unspent at balance date	–	2,835
Received in prior years and spent during the financial year	(3,283)	(2,084)
Balance at year end	–	3,283

Unspent grants are determined and disclosed on a cash basis.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Funding for the delivery of our services (continued)

	2023 \$ '000	2022 \$ '000
3.5 Contributions		
Monetary contributions		
Monetary	606	844
Total monetary contributions	606	844
Non-monetary contributions		
Non-monetary	1,860	1,629
Total non-monetary contributions	1,860	1,629
Total contributions	2,466	2,473

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

Roads	870	693
Other infrastructure	46	–
Other	150	–
Drains	430	489
Kerb & channels	127	102
Footpaths	237	345
Total non-monetary contributions	1,860	1,629

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Funding for the delivery of our services (continued)

	2023 \$ '000	2022 \$ '000
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Property, infrastructure, plant and equipment		
Proceeds of sale	2,127	849
Written down value of assets disposed	(2,249)	(637)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(122)	212
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(122)	212

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

3.7 Other income

Interest	1,112	198
Investment property rental	212	219
Other rent	78	51
Fuel tax credits	105	129
Sales	30	10
Workcover reimbursements	83	357
Other reimbursements	537	305
Other	182	149
Total other income	2,339	1,418

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.

3.8 Found Assets

Found assets were recorded in the following asset classes.

Roads	–	235
Drains	–	15
Kerb & channels	–	6
Footpaths	–	111
Other	–	43
Bridges	108	–
Land Stabilisation	89	–
Major Culverts	10	–
Waterway Infrastructure	2,968	–
Total found assets	3,175	410

Found assets are recorded when discovered by Council during maintenance, capital works or as part of the valuation process.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. The cost of delivering services

	2023 \$ '000	2022 \$ '000
4.1 Employee costs		
(a) Employee costs		
Wages and salaries	25,781	25,157
WorkCover	478	962
Superannuation	2,669	2,523
Fringe benefits tax	29	20
Total employee costs	28,957	28,662
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	55	78
	55	78
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,186	1,207
Employer contributions - other funds	1,428	1,238
	2,614	2,445
Total superannuation costs	2,669	2,523

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. The cost of delivering services (continued)

4.2 Materials and services

Advertising & Promotion Costs	323	442
Consultancies and projects	798	653
Contractors General	4,819	5,480
COVID-19	21	158
Fuel & Oils	1,124	1,039
Gippsland Group Training / Labour Hire	30	(2)
Insurance Premiums	1,160	1,116
Landfill Rehabilitation	(1,407)	1,714
Leases & Rentals	67	55
Legal Fees	421	400
Leisure Centre Operations	1,248	1,167
Materials General	5,960	5,251
Natural disasters	823	5,118
Plant & Equipment Registrations	126	125
Software Maintenance	1,243	1,303
State levies	1,592	1,282
Subscriptions, affiliations and conferences	245	160
Training expenses	548	492
Utilities	912	972
Waste Management	4,776	4,653
Total materials and services	24,829	31,578

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. The cost of delivering services (continued)

	2023 \$ '000	2022 \$ '000
4.3 Depreciation		
Property		
Heritage buildings	129	129
Buildings - non specialised	1,930	1,865
Total depreciation - property	2,059	1,994
Plant and equipment		
Plant machinery and equipment	1,192	1,255
Fixtures fittings and furniture	3	4
Computers and telecomms	549	540
Total depreciation - plant and equipment	1,744	1,799
Infrastructure		
Roads	3,679	3,507
Bridges	429	415
Footpaths and cycleways	290	313
Drainage	360	354
Recreational, leisure and community	796	793
Waste management	71	465
Off street car parks	418	425
Major culverts	127	124
Kerb & channel	231	229
Waterway Infrastructure	18	18
Land Stabilisation	130	122
Other infrastructure	1,022	1,147
Total depreciation - infrastructure	7,571	7,912
Total depreciation	11,374	11,705

Refer to note 5.2(c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Other expenses

Infrastructure assets and work in progress written-off	7,078	3,750
Library contributions	1,520	1,494
Community & Sporting grants	1,318	1,000
Bank Fees & Charges	413	231
Councillors' allowances	395	221
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	75	70
Auditors' remuneration - Internal Audit	52	27
Gift and transfer of interest in West Gippsland Regional Library Corporation to MyLi	6.2	1,478
Total other expenses	10,851	8,271

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Our financial position

	Note	2023 \$ '000	2022 \$ '000
5.1 Financial assets			
(a) Cash and cash equivalents			
Current			
Cash on hand		1	1
Cash at bank		13,479	3,550
Money market call accounts		4,302	4,296
Total current cash and cash equivalents		17,782	7,847
(b) Other financial assets			
Current			
Term deposits		31,271	37,270
Total current other financial assets		31,271	37,270
Total current financial assets		49,053	45,117
External restrictions			
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:			
Trust funds and deposits	5.2	1,686	1,552
Total restricted funds		1,686	1,552
Total unrestricted cash and cash equivalents		16,096	6,295
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		12,943	20,692
Grants recognised as revenue and obtained on the condition that they be expended in a specified manner that had not occurred at balance date	3.4	1,198	4,514
Reserve funds allocated for specific future purpose	9.1	896	1,082
Total funds subject to intended allocations		15,037	26,288

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 Statements

for the year ended 30 June 2023

Note 5. Our financial position (continued)

	2023 \$ '000	2022 \$ '000
(c) Trade & Other Receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	3,621	3,112
Special rate assessment	–	45
Net GST receivable	607	1,247
<i>Non-statutory receivables</i>		
Other debtors	2,503	2,675
<i>Provisions for doubtful debts</i>		
Provision for doubtful debts - other debtors	(77)	(171)
Total current trade and other receivables	6,654	6,908
Total trade and other receivables	6,654	6,908

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 & other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	1,511	1,274
Past due by up to 30 days	737	869
Past due between 31 and 180 days	157	311
Past due between 181 and 365 days	11	11
Past due by more than 1 year	10	39
Total trade and other receivables	2,426	2,504

(e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$77K (2022: \$171K) were impaired. The amount of the provision raised against these debtors was \$77K (2022: \$171K). 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)	2	1
Past due by up to 30 days	7	3
Past due between 31 and 180 days	8	18
Past due between 181 and 365 days	7	10
Past due by more than 1 year	53	139
Total trade and other receivables	77	171

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Our financial position (continued)

	2023 \$ '000	2022 \$ '000
5.2 Payables, trust funds and deposits and unearned income/revenue		
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	3,884	2,680
Accrued expenses	2,754	3,440
Total current trade and other payables	6,638	6,120
(b) Trust funds and deposits		
Current		
Refundable deposits	438	334
Fire services levy	609	577
Retention amounts	263	247
Other refundable deposits	376	394
Total current trust funds and deposits	1,686	1,552
(c) Unearned income/revenue		
Current		
Grants received in advance:		
Grants received in advance - operating	1,080	1,099
Grants received in advance - capital	2,262	3,823
Total grants received in advance	3,342	4,922
Total current unearned income/revenue	3,342	4,922

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 3.4.

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

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 lapsing 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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Our financial position (continued)

	2023	2022
	\$ '000	\$ '000
5.3 Interest-bearing liabilities		
Current		
Treasury Corporation of Victoria borrowings - secured	940	514
Total current interest-bearing liabilities	940	514
Non-current		
Treasury Corporation of Victoria borrowings - secured	8,289	4,422
Total non-current interest-bearing liabilities	8,289	4,422
Total	9,229	4,936

Borrowings are secured against rate income.

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

Not later than one year	940	514
Later than one year and not later than five years	4,024	2,142
Later than five years	4,265	2,280
	9,229	4,936

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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Our financial position (continued)

	Employee provisions \$ '000	Landfill restoration \$ '000	Total \$ '000
5.4 Provisions			
2023			
Balance at the beginning of the financial year	7,884	4,941	12,825
Additional provisions	2,521	(406)	2,115
Amounts used	(2,238)	(89)	(2,327)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(168)	(912)	(1,080)
Balance at the end of the financial year	7,999	3,534	11,533
Provisions			
Provisions - current	6,583	90	6,673
Provisions - non-current	1,416	3,444	4,860
Total Provisions	7,999	3,534	11,533
2022			
Balance at the 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
Provisions			
Provisions - current	6,684	88	6,772
Provisions - non-current	1,200	4,853	6,053
Total Provisions	7,884	4,941	12,825

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Our financial position (continued)

	2023 \$ '000	2022 \$ '000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,771	1,807
Purchased leave	181	205
Rostered days	288	315
Long service leave	393	391
	2,633	2,718
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,097	1,106
Long service leave	2,853	2,860
	3,950	3,966
Total current employee provisions	6,583	6,684
Non-Current		
Long service leave	1,416	1,200
Total Non-Current Employee Provisions	1,416	1,200
Aggregate Carrying Amount of Employee Provisions:		
Current	6,583	6,684
Non-current	1,416	1,200
Total Aggregate Carrying Amount of Employee Provisions	7,999	7,884

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	4.06%	3.08%
- index rate	4.35%	3.00%

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Our financial position (continued)

	2023 \$ '000	2022 \$ '000
(b) Landfill restoration		
Current		
Current	90	88
Total current	90	88
Non-current		
Non-current	3,444	4,853
Total non-current	3,444	4,853

Council is obligated to restore Koonwarra and Foster 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. Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

Key assumptions:

- discount rate	5.41%	3.40%
- index rate	5.11%	9.06%

5.5 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2023.

Bank overdraft	500	500
Credit card facilities	350	350
Treasury Corporation of Victoria facilities	11,996	8,100
Total Facilities	12,846	8,950
Used facilities	9,272	59
Used facilities	9,272	59
Unused facilities	3,574	8,891

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Our financial position (continued)

5.6 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

	Not later than 1 year \$ '000	Later than 1 year and not later than 2 years \$ '000	Later than 2 years and not later than 5 years \$ '000	Later than 5 years \$ '000	Total \$ '000
2023					
Operating					
Transfer Stations	660	660	1,980	385	3,685
Kerbside Garbage	2,091	–	–	–	2,091
General Materials & Services	3,272	149	133	–	3,554
Equipment Hire	30	–	–	–	30
Maintenance Contracts	380	–	–	–	380
Construction Contracts	104	–	–	–	104
Workcover	9	–	–	–	9
Total	6,546	809	2,113	385	9,853
Capital					
Roads	4,942	–	–	–	4,942
Car Parks	575	–	–	–	575
Computers and telecomms	100	–	–	–	100
Plant, machinery and equipment	2,568	–	–	–	2,568
Other Structures	3,437	–	–	–	3,437
Buildings	1,484	–	–	–	1,484
Heritage Buildings	–	–	–	–	–
Footpaths	12	–	–	–	12
Major Culverts	78	–	–	–	78
Transfer Stations	444	–	–	–	444
Total	13,640	–	–	–	13,640

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Our financial position (continued)

	Not later than 1 year \$ '000	Later than 1 year and not later than 2 years \$ '000	Later than 2 years and not later than 5 years \$ '000	Later than 5 years \$ '000	Total \$ '000
2022					
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
				2023	2022
				\$ '000	\$ '000

(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:

Not later than one year	90	261
Later than one year and not later than five years	289	412
Later than five years	193	257
	572	930

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Our financial position (continued)

5.7 Leases

At inception of a contract, Council assesses 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;
- Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- Council 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.

Under *AASB 16 Leases*, Council as a not-for-profit entity has elected not to 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 Statements

for the year ended 30 June 2023

Note 5. Our financial position (continued)

(a) Right-of-Use Assets

	Property \$ '000	Total \$ '000
2023		
Balance at 1 July	454	454
Additions	–	–
Amortisation charge	(93)	(93)
Balance at 30 June	361	361
2022		
Balance at 1 July	86	86
Additions	461	461
Amortisation charge	(93)	(93)
Balance at 30 June	454	454
	2023	2022
	\$ '000	\$ '000

(b) Lease Liabilities

Maturity analysis - contractual undiscounted cash flows

Less than one year	83	89
One to five years	281	364
Total undiscounted lease liabilities as at 30 June:	364	453

Lease liabilities included in the Balance Sheet at 30 June:

Current	83	89
Non-current	281	364
Total lease liabilities	364	453

Short-term and low value leases

Council had no short-term leases or leases of low value assets in 2022/23.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 6. Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment	Carrying amount 30 June 2022 \$ '000	Additions \$ '000	Contributions \$ '000	Found Assets \$ '000	Revaluation \$ '000	Depreciation \$ '000	Disposal \$ '000	Write-off \$ '000	Transfers \$ '000	Carrying amount 30 June 2023 \$ '000
Property	185,004	–	–	–	6,304	(2,059)	(2,572)	(1)	13,409	200,085
Plant and equipment	9,891	–	–	–	–	(1,744)	(318)	(1)	2,639	10,467
Infrastructure	439,080	–	1,860	3,175	78,639	(7,571)	(5,236)	(165)	16,266	526,048
Work in progress	26,599	34,093	–	–	–	–	–	(1,033)	(32,314)	27,345
Total	660,574	34,093	1,860	3,175	84,943	(11,374)	(8,126)	(1,200)	–	763,945

Summary of Work in Progress	Opening WIP \$ '000	Additions \$ '000	Write-off \$ '000	Transfers \$ '000	Closing WIP \$ '000
Property	9,509	9,778	(199)	(12,246)	6,842
Plant and equipment	47	2,654	(16)	(2,597)	88
Infrastructure	17,043	21,661	(818)	(17,471)	20,415
Total	26,599	34,093	(1,033)	(32,314)	27,345

Notes to the Financial Statements
for the year ended 30 June 2023

Note 6. Assets we manage (continued)

	Land specialised \$ '000	Land under roads \$ '000	Land non specialised \$ '000	Total land and land improve- ments \$ '000	Heritage buildings \$ '000	Buildings non specialised \$ '000	Total buildings \$ '000	Work in progress \$ '000	Total property \$ '000
Property									
At fair value 1 July 2022	77,647	26,043	6,858	110,548	6,698	102,263	108,961	9,509	229,018
Accumulated depreciation at 1 July 2022	-	-	-	-	(2,473)	(32,032)	(34,505)	-	(34,505)
	<u>77,647</u>	<u>26,043</u>	<u>6,858</u>	<u>110,548</u>	<u>4,225</u>	<u>70,231</u>	<u>74,456</u>	<u>9,509</u>	<u>194,513</u>
Movements in fair value									
Additions	-	-	-	-	-	-	-	9,778	9,778
Contributions	-	-	-	-	-	-	-	-	-
Revaluation	-	6,304	-	6,304	-	-	-	-	6,304
Disposal	-	-	(1,940)	(1,940)	-	(1,125)	(1,125)	-	(3,065)
Write-off	-	(1)	-	(1)	-	-	-	(199)	(200)
Transfers	-	-	-	-	43	13,366	13,409	(12,246)	1,163
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>6,303</u>	<u>(1,940)</u>	<u>4,363</u>	<u>43</u>	<u>12,241</u>	<u>12,284</u>	<u>(2,667)</u>	<u>13,980</u>
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(129)	(1,930)	(2,059)	-	(2,059)
Accumulated depreciation of disposals	-	-	-	-	-	493	493	-	493
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129)</u>	<u>(1,437)</u>	<u>(1,566)</u>	<u>-</u>	<u>(1,566)</u>
At fair value 30 June 2023	77,647	32,346	4,918	114,911	6,741	114,504	121,245	6,842	242,998
Accumulated depreciation at 30 June 2023	-	-	-	-	(2,602)	(33,469)	(36,071)	-	(36,071)
Carrying amount	<u>77,647</u>	<u>32,346</u>	<u>4,918</u>	<u>114,911</u>	<u>4,139</u>	<u>81,035</u>	<u>85,174</u>	<u>6,842</u>	<u>206,927</u>

Notes to the Financial Statements
for the year ended 30 June 2023

Note 6. Assets we manage (continued)

	Plant machinery and equipment \$ '000	Fixtures fittings and furniture \$ '000	Computers and telecomms \$ '000	Total \$ '000	Work in progress \$ '000	Total plant and equipment \$ '000
Plant and Equipment						
At fair value 1 July 2022	16,210	204	5,200	21,614	47	21,661
Accumulated depreciation at 1 July 2022	(7,706)	(187)	(3,830)	(11,723)	–	(11,723)
	8,504	17	1,370	9,891	47	9,938
Movements in fair value						
Additions	–	–	–	–	2,654	2,654
Contributions	–	–	–	–	–	–
Revaluation	–	–	–	–	–	–
Disposal	(1,348)	–	–	(1,348)	–	(1,348)
Write-off	–	–	–	–	(16)	(16)
Transfers	2,128	–	511	2,639	(2,597)	42
Impairment losses recognised in operating result	–	–	–	–	–	–
	780	–	511	1,291	41	1,332
Movements in accumulated depreciation						
Depreciation and amortisation	(1,192)	(3)	(549)	(1,744)	–	(1,744)
Accumulated depreciation of disposals	1,030	–	–	1,030	–	1,030
Impairment losses recognised in operating result	–	–	–	–	–	–
	(162)	(3)	(549)	(714)	–	(714)
At fair value 30 June 2023	16,990	204	5,711	22,905	88	22,993
Accumulated depreciation at 30 June 2023	(7,868)	(191)	(4,379)	(12,438)	–	(12,438)
Carrying amount	9,122	13	1,332	10,467	88	10,555

Notes to the Financial Statements
for the year ended 30 June 2023

Note 6. Assets we manage (continued)

	Roads \$ '000	Bridges \$ '000	Major culverts \$ '000	Footpaths and cycleways \$ '000	Kerb & channel \$ '000	Off street car parks \$ '000	Drainage \$ '000	Waterway Infra- structure \$ '000	Land Stabilisation \$ '000	Waste management \$ '000	Recreation \$ '000	Other infra- structure \$ '000	Total \$ '000	Work in progress \$ '000	Total infra- structure \$ '000
Infrastructure															
At fair value 1 July 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	613,609	17,043	630,652
Accumulated depreciation at 1 July 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)	–	(174,529)
	<u>327,758</u>	<u>16,797</u>	<u>5,538</u>	<u>17,716</u>	<u>22,216</u>	<u>2,127</u>	<u>22,951</u>	<u>496</u>	<u>4,621</u>	<u>898</u>	<u>6,377</u>	<u>11,585</u>	<u>439,080</u>	<u>17,043</u>	<u>456,123</u>
Movements in fair value															
Additions	–	–	–	–	–	–	–	–	–	–	–	–	–	21,662	21,662
Contributions	870	–	150	237	127	–	430	–	–	–	–	46	1,860	–	1,860
Revaluation	38,796	15,915	6,059	–	–	–	8,026	4,491	(2,372)	–	–	–	70,915	–	70,915
Disposal	(6,038)	(44)	–	(144)	(150)	(430)	(60)	–	(106)	–	–	(161)	(7,133)	–	(7,133)
Write-off	4	–	–	–	–	–	–	–	–	–	–	–	4	(818)	(814)
Transfers	12,301	349	(945)	721	726	1,405	1,497	287	1,149	–	–	(1,224)	16,266	(17,472)	(1,206)
Impairment losses recognised in operating result	–	–	–	–	–	–	–	–	(169)	–	–	–	(169)	–	(169)
Found assets	–	153	18	–	–	–	–	4,625	138	–	–	–	4,934	–	4,934
	<u>45,933</u>	<u>16,373</u>	<u>5,282</u>	<u>814</u>	<u>703</u>	<u>975</u>	<u>9,893</u>	<u>9,403</u>	<u>(1,360)</u>	<u>–</u>	<u>–</u>	<u>(1,339)</u>	<u>86,677</u>	<u>3,372</u>	<u>90,049</u>
Movements in accumulated depreciation															
Depreciation and amortisation	(3,679)	(429)	(127)	(290)	(231)	(418)	(360)	(18)	(130)	(71)	(796)	(1,022)	(7,571)	–	(7,571)
Accumulated depreciation of disposals	1,298	37	–	27	57	299	26	–	27	–	–	126	1,897	–	1,897
Accumulated depreciation on revaluation	(5,516)	17,004	3,425	–	–	–	(3,702)	(3,779)	292	–	–	–	7,724	–	7,724
Impairment losses recognised in operating result	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers	–	(80)	312	–	–	–	(312)	–	–	–	–	80	–	–	–
Found Assets	–	(45)	(8)	–	–	–	–	(1,657)	(49)	–	–	–	(1,759)	–	(1,759)
	<u>(7,897)</u>	<u>16,487</u>	<u>3,602</u>	<u>(263)</u>	<u>(174)</u>	<u>(119)</u>	<u>(4,348)</u>	<u>(5,454)</u>	<u>140</u>	<u>(71)</u>	<u>(796)</u>	<u>(816)</u>	<u>291</u>	<u>–</u>	<u>291</u>
At fair value 30 June 2023	426,081	75,221	20,476	21,407	28,218	8,171	52,675	10,509	4,772	4,396	29,427	18,933	700,286	20,415	720,701
Accumulated depreciation at 30 June 2023	(60,287)	(25,564)	(6,054)	(3,140)	(5,473)	(5,188)	(24,179)	(6,064)	(1,371)	(3,569)	(23,846)	(9,503)	(174,238)	–	(174,238)
Carrying amount	<u>365,794</u>	<u>49,657</u>	<u>14,422</u>	<u>18,267</u>	<u>22,745</u>	<u>2,983</u>	<u>28,496</u>	<u>4,445</u>	<u>3,401</u>	<u>827</u>	<u>5,581</u>	<u>9,430</u>	<u>526,048</u>	<u>20,415</u>	<u>546,463</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 6. Assets we manage (continued)

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 years	Threshold Limit \$ '000
Land and land improvements		
land	-	-
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	-
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	-
roads - seals	15 to 25 years	-
roads - formation and earthworks	0	-
roads - kerb and channel	120 years	15
bridges	100 years	15
footpath and cycleways	90 years	15
major culverts	120 years	15
off street car parks pavement	130 years	15
off street car parks seal	20 years	15
drainage	120 years	15
waterway infrastructure	60 to 120 years	15
land stabilisation	60 years	15
waste management	4 to 50 years	15
other structures	10 to 40 years	15
Recreation	25 to 75 years	-
Intangible assets		
landfill air space	4 to 6 years	-
Right-of-use assets		
building	3 years	10

Notes to the Financial Statements

for the year ended 30 June 2023

Note 6. Assets we manage (continued)

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.

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 2023 are as follows:

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Land	–	4,918	–	Jun-22	Revaluation
Specialised land	–	–	77,647	Jun-22	Revaluation
Land Under Roads	–	–	32,346	Jun/23	Revaluation
Heritage buildings	–	–	4,139	Jun-22	Revaluation
Buildings	–	–	81,035	Jun-22	Revaluation
Total	–	4,918	195,167		

Valuation of Infrastructure

Valuation of infrastructure assets that have been revalued at June 2023 has been determined in accordance with a valuation undertaken independent valuer Assetic Pty Ltd MIE(Aust) CPEng, NPER: Membership 1102199. The valuers used the most recent indicies from Rawlinson's

Australian Construction Handbook to determine the indexation movements since the last valuation. Assets valued at June 2021 were determined in accordance with a valuation undertaken by Tony Peterson, BE Civil Engineering (Council Employee).

Notes to the Financial Statements

for the year ended 30 June 2023

Note 6. Assets we manage (continued)

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 2023 are as follows:

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Roads	–	–	365,794	Jun-23	Desktop using Indexation
Bridges	–	–	49,657	Jun-23	Revaluation
Major culverts	–	–	14,422	Jun-23	Revaluation
Footpaths and cycleways	–	–	18,267	Jun-21	Revaluation
Kerb & channel	–	–	22,745	Jun-21	Revaluation
Drainage	–	–	28,496	Jun-23	Desktop using Indexation
Waterway Infrastructure	–	–	4,445	Jun-23	Revaluation
Off street car parks	–	–	2,983	Jun-21	Revaluation
Land stabilisation	–	–	3,401	Jun-23	Revaluation
Waste management	–	–	827	N/A	
Recreation	–	–	5,581	Jun-21	Revaluation
Other Infrastructure	–	–	9,430	Jun-23	Revaluation
Total	–	–	526,048		

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

	2023 \$ '000	2022 \$ '000
Land under roads	32,346	26,043
Parks and reserves	77,647	77,647
Total specialised land	109,993	103,690

Notes to the Financial Statements

for the year ended 30 June 2023

Note 6. Assets we manage (continued)

	2023 \$ '000	2022 \$ '000
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6.2 Investments in associates, joint arrangements and subsidiaries

(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

As a result of the transition, all assets, liabilities and commitments have been dissolved with the transition effective on 30 June 2022.

At balance date, there were no contingent liabilities and contingent assets (2022 \$nil).

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.

Council's share of accumulated surplus/(deficit)

Council's share of accumulated surplus(deficit) at start of year	–	1,453
Reported surplus(deficit) for year	–	69
Transfers (to) from reserves	–	(44)
Gift and transfer of interest in WGRLC to MyLi	–	(1,478)
Council's share of accumulated surplus(deficit) at end of year	–	–

Notes to the Financial Statements

for the year ended 30 June 2023

Note 6. Assets we manage (continued)

	2023 \$ '000	2022 \$ '000
Council's share of reserves		
Council's share of reserves at start of year	–	238
Asset revaluation	–	(282)
Transfers (to) from reserves	–	44
Council's share of reserves at end of year	–	–
Movement in carrying value of specific investment		
Carrying value of investment at start of year	–	1,691
Share of surplus(deficit) for year	–	69
Share of asset revaluation	–	(282)
Gift and transfer of interest in WGRLC to MyLi	–	(1,478)
Carrying value of investment at end of year	–	–

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.

6.3 Investment property

	2023 \$ '000	2022 \$ '000
Balance at beginning of financial year	727	615
Fair value increment	93	112
Balance at end of financial year	820	727

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 Joshua Kilgour (registration number 62746), FAPI (Gippsland Property Valuations) 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 Statements

for the year ended 30 June 2023

Note 7. People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Associates

Interests in 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:

Councillors	Councillor - Nathan Hersey (Mayor 23/11/22 - 30/06/23, Deputy Mayor 1/7/22 - 22/11/22)
	Councillor - Mohya Davies (Mayor 1/7/22 - 22/11/22)
	Councillor - Scott Rae
	Councillor - Sarah Gilligan
	Councillor - Jenni Keerie
	Councillor - Mick Felton
	Councillor - John Schelling
	Councillor - Clare Williams (Deputy Mayor 23/11/22 - 30/6/23)
	Councillor - Adrian Darakai
	Chief Executive Officer - Kerryn Ellis
	Director Performance & Innovation - Allison Jones
	Director Economy & Community - Renae Littlejohn
	Director Sustainable Infrastructure - Anthony Seabrook
	Director Sustainable Infrastructure - Tony Peterson

	2023	2022
	No.	No.
Total Number of Councillors	9	9
Total Number of Administrators	–	3
Total of Chief Executive Officer and other Key Management Personnel	5	4
Total Number of Key Management Personnel	14	16

Notes to the Financial Statements

for the year ended 30 June 2023

Note 7. People and relationships (continued)

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and Other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits include termination of employment payments, such as severance packages.

	2023 \$ '000	2022 \$ '000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,528	1,297
Other long-term employee benefits	(72)	23
Post-employment benefits	114	106
Total	1,570	1,426

	2023 No.	2022 No.
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$10,000 - \$19,999	-	7
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	6	2
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	1
\$80,000 - \$89,999	1	-
\$110,000 - \$119,999	1	-
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	1	-
\$250,000 - \$259,999	1	2
\$330,000 - \$339,999	-	1
\$340,000 - \$349,999	1	-
	14	16

Notes to the Financial Statements

for the year ended 30 June 2023

Note 7. People and relationships (continued)

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel (KMP), whose total remuneration exceeds \$160,000 and who report directly to a KMP. *

Total remuneration of other senior staff was as follows:

	2023	2022
	\$ '000	\$ '000
Short-term employee benefits	1,738	1,106
Other long-term employee benefits	44	32
Post-employment benefits	183	108
Termination benefits	34	–
Total	1,999	1,246

The number of other senior staff are shown below in their relevant income bands:

	2023	2022
	No.	No.
Income Range:		
\$1 - \$9,999	1	–
\$160,000 - \$169,999	2	–
\$170,000 - \$179,999	2	5
\$180,000 - \$189,999	4	1
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	1	–
\$210,000 - \$219,999	1	–
	12	7

	2023	2022
	\$ '000	\$ '000
Total Remuneration for the reporting year for Senior Officers included above amounted to:	2,048	1,246

* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the Local Government Act 1989.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 7. People and relationships (continued)

	2023	2022
	\$ '000	\$ '000

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 to BJ's Earthmoving	3	1
Total paid for sales of goods & services from BJ's Earthmoving	3,812	1,963
Contributions paid to West Gippsland Regional Library Corporation	–	1,494
Grants received from Victorian Local Government Grants Commission	–	5,601

All transactions are in line with normal commercial practice.

Administrator Julie Eisenbise was a member of the Victorian Local Government Grants Commission.

There were 114 transactions during the current period with one related party for contractor services to BJ's Earthmoving. Transactions 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.

(b) Outstanding balances with related parties

Included in trade and other payables is \$40K (2022 - \$16K) 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 \$2.6M (2022 - \$1.5M) in relation to BJ's Earthmoving.

Notes to the Financial Statements

for the year ended 30 June 2023

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.

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 2022. 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.

Legal Matters

Council currently have on-going legal matters, however they are expected to be covered under insurance with the extent of liability being limited to legal fees and insurance excess.

(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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. Managing uncertainties (continued)

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.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 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 bank 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.

(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 has 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 has a policy for establishing credit limits for the entities Council deals with;
- Council may require collateral where appropriate; and
- Council only invests surplus funds with financial institutions which have a recognised credit rating specified in Council's investment policy.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. Managing uncertainties (continued)

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 provides 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
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

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 4.10%.

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.

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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. Managing uncertainties (continued)

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. (For plant and equipment carrying amount is considered to approximate fair value given short useful lives). 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 5 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset Class	Revaluation frequency
Land	5 years
Buildings	5 years
Roads	5 years
Bridges	5 years
Footpaths and cycleways	5 years
Drainage	5 years
Recreational, leisure and community facilities	5 years
Waste management	5 years
Parks, open space and streetscapes	5 years
Other infrastructure	5 years

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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. Managing uncertainties (continued)

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 Statements

for the year ended 30 June 2023

Note 9. Other matters

	Balance at beginning of reporting period \$ '000	Increment (decrement) \$ '000	Share of incr. (decr) on revaluation of Buildings by an associate \$ '000	Balance at end of reporting period \$ '000
9.1 Reserves				
(a) Asset revaluation reserves				
2023				
Property				
Land and land improvements	69,984	–	–	69,984
Land under roads	9,418	6,304	–	15,722
Heritage buildings	3,844	–	–	3,844
Buildings	69,274	–	–	69,274
	<u>152,520</u>	<u>6,304</u>	<u>–</u>	<u>158,824</u>
Plant and equipment				
Plant machinery and equipment	386	–	–	386
	<u>386</u>	<u>–</u>	<u>–</u>	<u>386</u>
Infrastructure				
Roads	236,807	33,278	–	270,085
Bridges	3,240	32,919	–	36,159
Footpaths and cycleways	5,283	–	–	5,283
Drainage	8,140	4,322	–	12,462
Offstreet car parks	1,809	–	–	1,809
Major culverts	1,597	9,485	–	11,082
Kerb & channel	16,989	–	–	16,989
Waterway Infrastructure	–	714	–	714
Land Stabilisation	2,079	(2,079)	–	–
Other infrastructure	1,820	–	–	1,820
	<u>277,764</u>	<u>78,639</u>	<u>–</u>	<u>356,403</u>
Total asset revaluation reserves	<u>430,670</u>	<u>84,943</u>	<u>–</u>	<u>515,613</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Other matters (continued)

	Balance at beginning of reporting period \$ '000	Increment (decrement) \$ '000	Share of incr. (decr) on revaluation of Buildings by an associate \$ '000	Balance at end of reporting period \$ '000
2022				
Property				
Land and land improvements	50,283	19,701	–	69,984
Land under roads	1,756	7,662	–	9,418
Heritage buildings	1,387	2,457	–	3,844
Buildings	39,782	29,580	(88)	69,274
Investment in associates	194	–	(194)	–
	<u>93,402</u>	<u>59,400</u>	<u>(282)</u>	<u>152,520</u>
Plant and equipment				
Plant machinery and equipment	386	–	–	386
	<u>386</u>	<u>–</u>	<u>–</u>	<u>386</u>
Infrastructure				
Roads	236,764	43	–	236,807
Bridges	3,240	–	–	3,240
Footpaths and cycleways	4,965	318	–	5,283
Drainage	8,140	–	–	8,140
Offstreet car parks	1,809	–	–	1,809
Major culverts	1,597	–	–	1,597
Kerb & channel	16,989	–	–	16,989
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>

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Other matters (continued)

	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				
2023				
Public Open Space	921	18	(204)	735
Caravan Parks Reserve	–	849	(849)	–
Corner Inlet Reserve	11	–	–	11
Venus Bay Surf Life Saving Club	150	–	–	150
Total Other reserves	1,082	867	(1,053)	896
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

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 Statements

for the year ended 30 June 2023

Note 9. Other matters (continued)

	2023 \$ '000	2022 \$ '000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	20,348	8,944
Depreciation/amortisation	11,466	12,162
Profit/(loss) on disposal of property, infrastructure, plant and equipment	122	(212)
Fair value adjustments for investment property	(93)	(112)
Contributions - Non-monetary assets	(1,860)	(1,629)
Net share of net profits of associates and joint ventures	-	(69)
Amounts disclosed in financing activities	115	21
Found assets	(3,175)	(410)
Write-off on disposal of infrastructure assets and work in progress	7,077	3,882
Gift and transfer of interest in West Gippsland Regional Library Corporation to MyLi	-	1,478
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	254	(1,023)
(Increase)/decrease in inventories	17	34
(Increase)/decrease in prepayments	(239)	(108)
Increase/(decrease) in trade and other payables	518	3,176
Increase/(decrease) in employee entitlements	115	(223)
Increase/(decrease) in trust funds and deposits	134	25
Increase/(decrease) in Unearned income /revenue	(1,580)	(29)
Increase/(decrease) in landfill provision	(1,407)	1,716
Net cash provided by/(used in) operating activities	31,812	27,623

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 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10.0%)).

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 South Gippsland Shire 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.

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. A triennial actuarial investigation is currently underway for the Defined Benefit category which is

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Other matters (continued)

expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns 5.7% pa
Salary information 3.5% pa
Price inflation (CPI) 2.8 pa.

As at 30 June 2022, 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 102.2%. The financial assumptions used to calculate the 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.

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). Vision Super has advised that the estimated VBI at June 2023 was 104.1%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 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 2022 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 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). 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 2022 interim 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.

The 2022 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 2022 and the last full investigation was conducted as at 30 June 2020.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Other matters (continued)

The Fund's actuarial investigations identified the following for the Defined Benefit category of which Council is a contributing employer:

	2022 (Interim) \$m	2021 (Interim) \$m
- A VBI Surplus	44.6	214.7
- A total service liability surplus	105.8	270.3
- A discounted accrued benefits surplus	111.9	285.2

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 2022.

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 2022.

The discounted accrued benefits 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 2022.

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below:

Scheme	Type of scheme	Rate	2023 \$ '000	2022 \$ '000
Vision Super	Defined benefits	10.5% (2022:10.0%)	55	78
Vision Super	Accumulation	10.5% (2022:10.0%)	2,614	2,445

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$32K.

Note 10. Changes in accounting policies

There have been no changes to accounting policies in the 2022-23 year.



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