

SOUTH GIPPSLAND SHIRE COUNCIL

Organisational Performance Report

July 2022 to March 2023



*South Gippsland Shire
Organisational Performance in 2022/23*



Purpose of Document

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 (Planning and Reporting) Regulations 2020*. This report provides a detailed account to the community on Council's financial and organisational performance against the 2022-2026 Council Plan.

To address the Governance principles in the *Local Government Act 2020 (Act)*, Council has developed an Integrated Planning and Reporting Framework. Progress results for the reporting time frame of 1 July 2022 to 31 March 2023 are reported back to the community through this quarterly Organisational Performance Report, Local Government Performance Reporting Framework (LGPRF) and the Annual Report.

Acknowledgment of Country

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





Cape Liptrap

Front Cover: Duck Point

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Section 1 - Council Plan Overview and Progress

Council developed the following equally important six Strategic Objectives of the Council Plan for the next four-years:

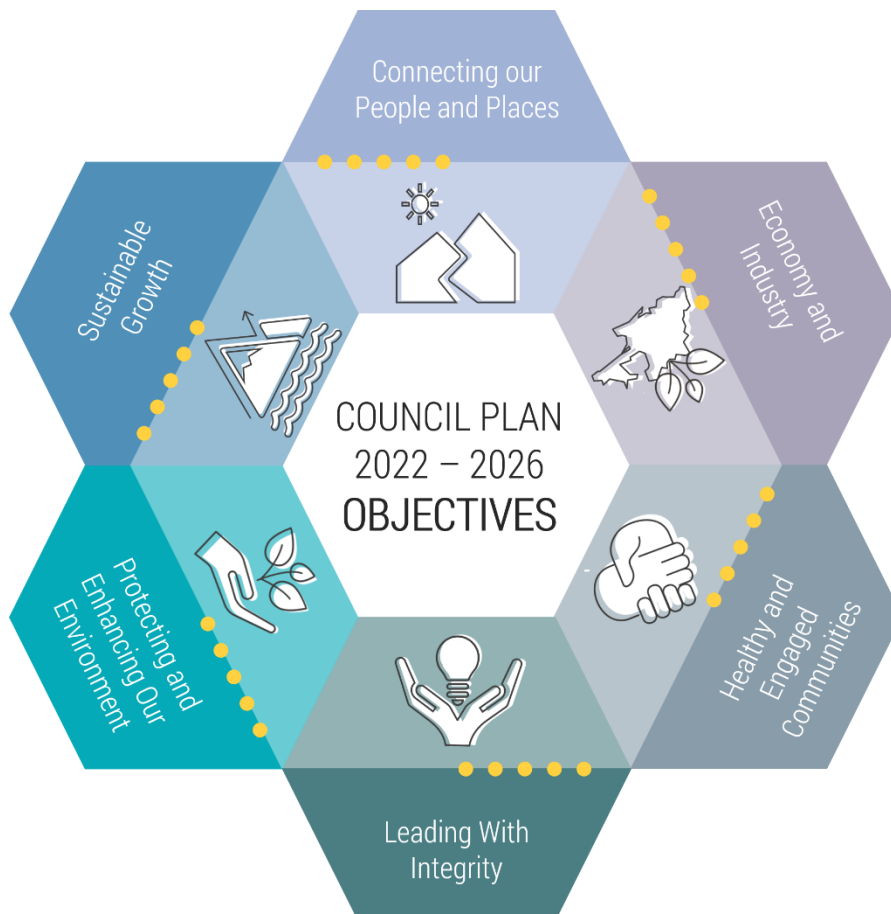
- Connecting our People and Places
- Economy and Industry
- Healthy and Engaged Communities
- Leading with Integrity
- Protecting and Enhancing our Environment
- Sustainable Growth



Koonwarra

Council's measures its performance delivering the Plan through:

- Results achieved against the Strategic Objectives in the Council Plan;
- Progress against the Annual Major Initiatives identified in the 2022/23 Annual Budget; and
- Progress against the Service Performance Outcome Indicators to monitor relevant trends.







Council Plan Summary

The following three pages list a high-level summary of Council's performance against the six Strategic Objectives of the 2022-2026 Council Plan. Refer to the [Appendix A - Council Plan Progress](#) which highlights detailed progress on the individual annual initiatives for each Strategic Objective.

The table below provides a summary of Council's performance against the 48 Annual Initiatives, indicated under each Strategic Objective of the 2022-2026 Council Plan.

Table 1: Progress of Annual Initiatives per Council Plan Theme

Strategic Objective	TARGET ACHIEVED 	ON TRACK 	MONITOR 	NOT REPORTED 
Connecting our People and Places	1	5	2	
Economy and Industry	2	4		
Healthy and Engaged Communities		13	1	
Leading and Integrity	2	3		
Protecting and Enhancing our Environment	1	6	1	
Sustainable Growth		7		
Total	6	38	4	

Legend	
Target Achieved (blue)	Project has achieved target and is completed. No further action is required.
On Track (green)	The progress performance for the indicator is achieving target. All elements of the indicator/project are on track.
Monitor (orange)	The progress performance for the indicator is close to target and is being monitored to achieve target. All elements of the indicator/ project are improving to 'on track' or 'target achieved' status.
Not Reported (Grey)	The performance indicator is not reported in this quarterly performance report and is reported in the Annual Report.

Connecting our People and Places

Objective Overview

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

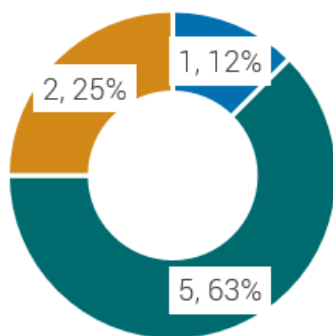
We commit to continuous safety improvement in our road management, planning and processes, and a commitment to advocacy for public and community transport options and Shire wide digital connectivity.

Highlights

- Council engaged with representatives from Department of Transport, Telstra and NBNCo and provided information to support local media to advocate for opportunities for improvements in telecommunications and transport within the Shire.
- Council's Street Sweeping Service is in operation.
- Implementation of Council's Blueprint for Community and Economic Infrastructure Strategy is progress well.
- Council's Community Infrastructure Advisory Committee continues to meet regularly.

Challenges

- High fuel costs, materials and labour shortages and cost escalation continue to hamper the delivery of the Shire's road network, annual resheet program and Capital Works Program.



■ TARGET ACHIEVED ■ ON TRACK
 ■ MONITOR ■ NOT REPORTED/ON HOLD

Economy and Industry

Objective Overview

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.

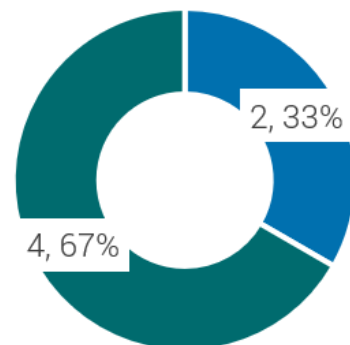
We see the arts and tourism as a way to share our story, to welcome newcomers and support economic growth, whilst communicating and protecting what's special about our environment and way of life. We understand the need to act now for future generations to contribute to our long-term viability, so we will focus on providing more reasons for young people to stay, study, work and invest in South Gippsland.

Highlights

- Council hosted the Jobs Expo in Leongatha with 36 stall holders, attracting over 200 job seekers to the event. Other events, campaigns and exhibitions were also held and coordinated by Council within the Shire.
- A number of successful South Gippsland events held such as Mirboo North Italian Festa, Meenyian Garlic Festival and Prom Coast Festival.
- These events were supported for funding via the event acquisition fund with Events Gippsland (Destination Gippsland).

Challenges

- Renewable energy resourcing and meeting and engaging with key stakeholders to ensure projects benefit the community of South Gippsland.



■ TARGET ACHIEVED ■ ON TRACK
 ■ MONITOR ■ NOT REPORTED/ON HOLD

Healthy and Engaged Communities

Objective Overview

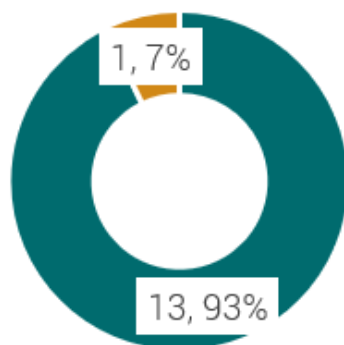
Our vision for South Gippsland is to be a place where our communities have a strong sense of belonging and purpose, where neighbours know each other, and new ideas are welcomed and encouraged. A place where everyone has the opportunity to live a physically, socially and culturally active life. Our communities know what they need, we are not a one size fits all municipality.

Council will continue to invest in people, developing community leadership and partnering in community plans and initiatives that tackle the many different challenges that come with population and demographic change. We acknowledge that volunteers play an important role in our community and we are committed to celebrating and supporting them.

We aim to create and encourage more all-ability, vibrant and engaging places to meet and undertake recreational and social activities. We will support and promote inclusive sporting, cultural and social activities recognising these activities as key to our success in building healthy communities.

Highlights

- Youth Strategy Implementation Plan developed for the remainder of 2023.
- Council officers have explored and engaged with recognised indigenous groups within the Shire to progress objectives that lead to reconciliation.
- A Welcome to Country Ceremony was held by Council in February 2023.
- Review of Council's General Local Law 2014 has further progressed with organisational consultation and a Project Control Group established.
- The Community Planning Network continues to meet regularly and is facilitated by Council.



■ TARGET ACHIEVED ■ ON TRACK
■ MONITOR ■ NOT REPORTED/ON HOLD

Leading with Integrity

Objective Overview

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

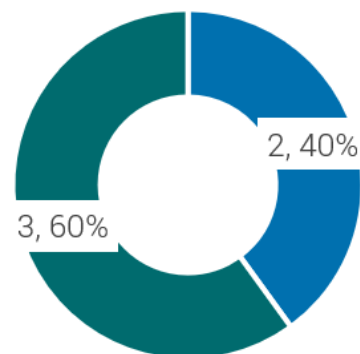
We recognise trust between Council and the community was broken, and that it's our job to earn that trust back, and to do that we first must be trustworthy.

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

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

Highlights

- Council delegation including CEO, Mayor and Deputy Mayor presented Council's advocacy priorities to Federal Ministers, advisers and Departments in Canberra.
- Community Leadership Program commenced in March 2023 with 20 participants.
- A review of Council's Audit and Risk Committee Charter was conducted and endorsed by Council.
- The development of a Customer First Strategy has commenced.



■ TARGET ACHIEVED ■ ON TRACK
■ MONITOR ■ NOT REPORTED/ON HOLD

Protecting and Enhancing our Environment

Objective Overview

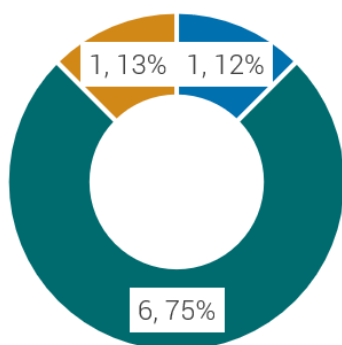
Agriculture, bushland, residential and tourism can thrive side by side. South Gippslanders will leave a legacy of a healthier integrated environment for future generations. Council will proactively work with landholders and land management agencies in preparing for changes in weather patterns, extreme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

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

Highlights

- Work continues with a range of stakeholders such as land managers, farmers and LandCare on a number of projects to improve weed and pest mitigation.
- Council's Biodiversity Team continue to deliver grants to community groups to undertake revegetation works.
- An external consultant appointed to assist in the development of the Integrated Water Management Plan.



■ TARGET ACHIEVED ■ ON TRACK ■ MONITOR ■ NOT REPORTED/ON HOLD

Sustainable Growth

Objective Overview

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

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

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

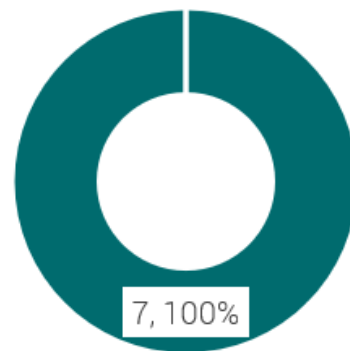
We value local knowledge, history and experience, and are committed to including the community in conversations around important change decisions and processes. We will consider the environmental and cultural impacts of growth and land use change in our actions and decision making.

Highlights

- Council continued engagement with Department of Families, Fairness and Housing (DFFH) with a meeting held with Homes Victoria in March 2023.
- Community consultation on Council's Coastal Strategy Discussion Paper completed and received 770 comments.
- Council's Draft Planning Scheme review consultation process concluded in March 2023 with 98 submissions received.

Challenges

- Higher housing costs and low affordability leads to increased pressure on Social Affordable Housing within the Shire.



■ TARGET ACHIEVED ■ ON TRACK ■ MONITOR ■ NOT REPORTED/ON HOLD

Section 2 - Financial Performance Overview and Progress

The following quarterly financial report provides a summary and analysis of Council's financial performance for the nine months to March 2023.

2.1 Budget Information

- The Annual Original Budget referred to in this report is the budget adopted by Council at the 29 June 2022 Council Meeting.
- The Quarter 2 Forecast 2023 was endorsed by Council on 15 March 2023.
- The Proposed Annual Forecast includes any adjustments identified as at the end of March 2023.
- The Year to Date Forecast represents the phased Quarter 3 Forecast to 31 March 2023.

2.2 Overview

The surplus as at 31 March 2023 is favourable to forecast by \$8.0M.

The overall favourable variance is largely due to the timing of income received for capital grants related to storm events \$2.7M, Roads to Recovery program \$1.7M, Leongatha and Korumburra Railway Station precincts \$1.1M and Local Roads & Community Infrastructure Program \$0.2M.

Operating projects running behind schedule that also contribute to the overall favourable forecast variance include the lighting upgrade project in Toora \$0.1M, Korumburra showground changerooms \$0.2M and lighting upgrade for the Meeniyan recreation reserve \$0.2M. The proposed forecast shows a \$957K favourable result to the forecast at Quarter 2 mainly due to a reduction in employee costs and materials and services.

Capital works expenditure is tracking at \$21.2M as compared to the year to date forecast of \$20.7M mainly due to expenditure on roads and car parks occurring earlier than expected. The proposed forecast shows a reduction of \$1.0M to the Quarter 2 forecast at mainly due to delays in projects which will be carried forward to 2023/24.



Mayor, Deputy Mayor and CEO in Canberra at Parliament House

2.3 Financial Performance Statement for the period 1 July 2022 to 31 March 2023

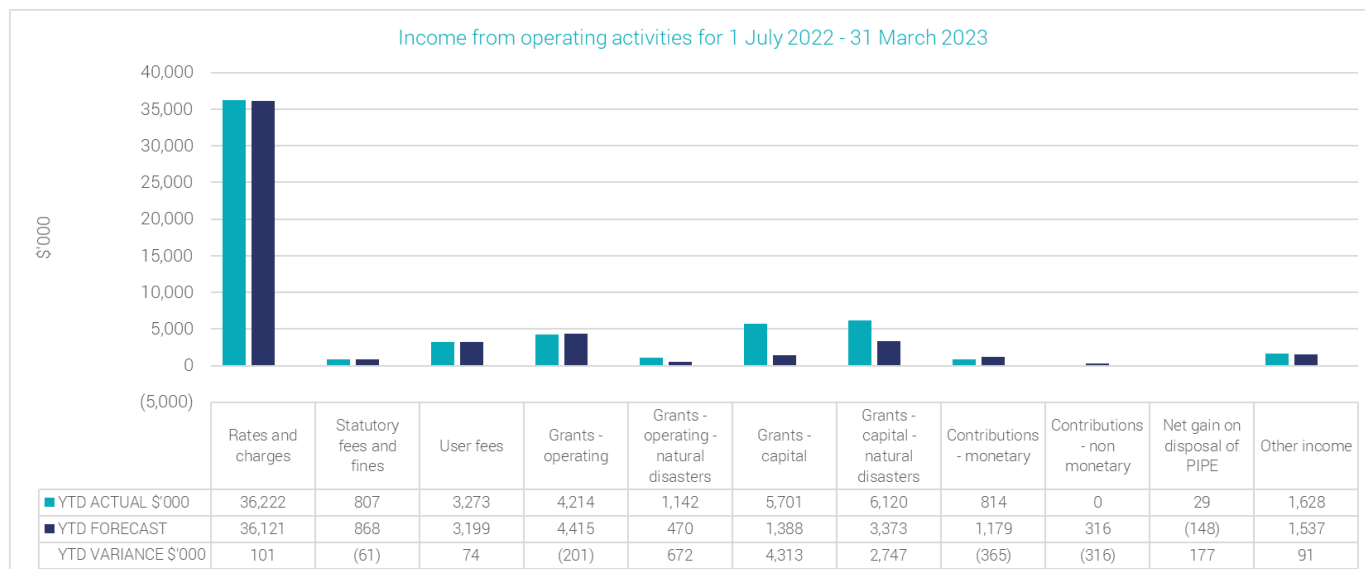
For the period 1 July 2022 to 31 March 2022.

	Note	YTD ACTUAL \$'000	YTD FORECAST \$'000	YTD VARIANCE \$'000	PROPOSED ANNUAL FORECAST \$'000	QUARTER 2 FORECAST \$'000	ANNUAL ORIGINAL BUDGET \$'000
INCOME	A1						
Rates and charges		36,222	36,121	101	48,035	48,090	48,108
Statutory fees and fines		807	868	(61)	1,239	1,125	1,138
User fees		3,273	3,199	74	4,659	4,769	4,025
Grants - operating		4,214	4,415	(201)	5,548	5,919	3,689
Grants - operating - natural disasters		1,142	470	672	470	0	0
Grants - capital		5,701	1,388	4,313	8,341	14,477	10,553
Grants - capital - natural disasters		6,120	3,373	2,747	6,293	105	0
Contributions - monetary		814	1,179	(365)	1,948	2,048	1,438
Contributions - non-monetary		0	316	(316)	422	422	422
Net gain on disposal of PIPE		29	(148)	177	21	81	761
Other income		1,628	1,537	91	1,952	1,938	1,186
Total Income		59,950	52,718	7,232	78,928	78,974	71,320
EXPENSES	A2						
Employee costs		20,768	21,739	971	29,676	29,752	28,544
Materials and consumables		18,215	19,719	1,504	27,240	28,397	23,768
Natural disasters		650	0	(650)	0	0	0
Depreciation		9,245	8,529	(716)	11,329	11,329	12,871
Borrowing costs		69	80	11	109	107	73
Other expenses		2,888	2,556	(332)	3,457	3,229	3,195
Total Expenses		51,835	52,623	788	71,811	72,814	68,451
Net Surplus / (Deficit)		8,115	95	8,020	7,117	6,160	2,869

2.4 Notes to the Financial Performance Statement

Operating Income

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

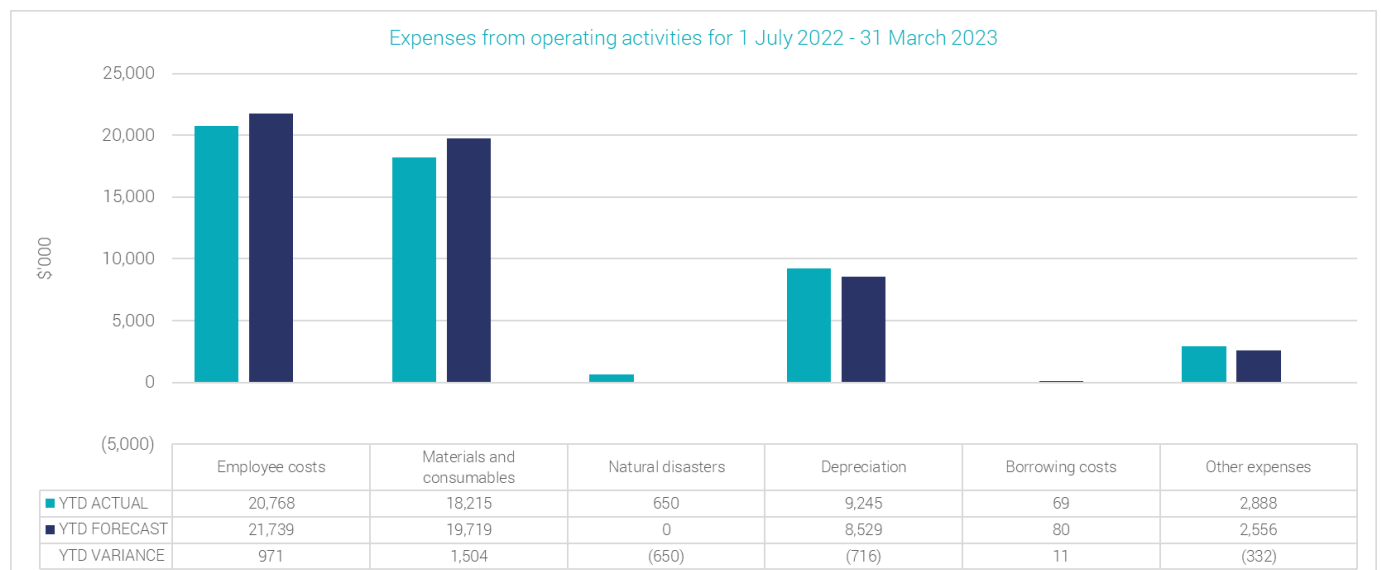


Income for the period ended 31 March 2023 is favourable to the year to date forecast. This is primarily due to the following:

- **Favourable – Grants – capital \$4.3M:** Due to amounts received earlier than forecasted for roads to recovery, local roads and community infrastructure program and Leongatha and Korumburra Railway station precincts, as well as the accounting treatment related to the recognition of capital grants as projects are completed.
- **Favourable – Grants – capital – natural disasters \$2.7M:** Due to funding received for various slip repairs and storm events received earlier than budget.
- **Favourable – Grants – operating – natural disasters \$672,000:** Mainly due to \$500,000 received for the Council Flood Support Program that was not previously budgeted for. The forecast for this program will be adjusted as part of the quarter 3 forecast review.
- **Unfavourable – Contributions – monetary (\$365,000):** Due to developer contributions budgeted to March 2023 but not yet received.
- **Unfavourable – Contributions – non-monetary (\$316,000):** No non-monetary contributions have been recorded to the end of March 2023. These contributions represent infrastructure assets that are contributed by developers at the completion of a subdivision.

Operating Expenses

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



Operating expenses for the period ended 31 March 2023 is favourable to the year to date forecast. This is primarily due to the following:

- Favourable – Employee costs \$0.97M:** Due to favourable variances in employee on-costs such as the timing of taking of long service leave and annual leave throughout the year. There are also a number of savings from positions that have been vacant for periods of time while recruitment is underway. A review of position budgets is underway to minimise the variance by year end.
- Favourable – Materials and consumables \$1.5M:** In part due to a \$313,000 in the garbage and recycling collection contract based on the timing of receiving contractor invoices. The Toora Recreation Reserve lighting upgrade \$131,000, Meeniyah Recreation Reserve lighting upgrade \$164,000 and Korumburra showground changerooms \$218,000 are all behind schedule due to weather and supply issues and Information Technology software and annual licenses \$140,000 are due to be paid shortly to match budget timing.
- Unfavourable – Natural disasters (\$650,000):** Due to costs for the 13-14 August 2022 storm event (\$549,000) not previously budgeted. Income and expense budget forecasts will be updated during quarter 4.
- Unfavourable – Depreciation (\$716,000):** Due to increased depreciation recorded than forecast in the Buildings category (\$992,000) as a result of the buildings having been revalued. This is partly offset by a favourable amount in other structures. Buildings are now being managed directly by Council's asset management system and depreciation will be higher than the current forecast.
- Unfavourable – Other Expenses (\$332,000):** Due to a grant payment to the Loch Bowls Club for their synthetic green installation project that occurred earlier than anticipated.

2.5 Capital Works Statement

For the period 1 July 2022 to 31 March 2023

	Note	YTD ACTUAL \$'000	YTD FORECAST \$'000	YTD Variance \$'000	PROPOSED ANNUAL FORECAST \$'000	QUARTER 2 FORECAST \$'000	ANNUAL ORIGINAL BUDGET \$'000
Property	B1						
Buildings		7,516	9,751	2,235	10,988	11,223	8,505
Total Property		7,516	9,751	2,235	10,988	11,223	8,505
Plant and equipment	B2						
Plant, machinery and equipment		1,701	1,573	(128)	3,056	3,056	2,367
Computers and telecommunications		389	550	161	1,156	1,156	467
Total Plant and Equipment		2,090	2,123	33	4,212	4,212	2,834
Infrastructure	B3						
Roads		5,048	3,351	(1,697)	10,668	11,311	9,964
Bridges		9	169	160	253	253	253
Major culverts		19	50	31	184	184	67
Footpaths and cycleways		1,243	571	(672)	1,714	1,764	1,522
Drainage		0	0	0	0	85	0
Car parks		1,666	228	(1,438)	2,344	2,114	0
Land stabilisation		7	0	(7)	0	0	0
Waste		101	152	51	760	760	528
Other infrastructure		3,495	4,277	782	6,898	7,138	7,793
Total Infrastructure		11,588	8,798	(2,790)	22,821	23,609	20,127
Total Capital Works Expenditure		21,194	20,672	(522)	38,021	39,044	31,466

The Capital Works program is currently tracking \$0.5M over the year to date forecast mainly due to expenditure on roads and car parks occurring earlier than expected. This has been partially offset by delays in Buildings expenditure related to the Korumburra Community Hub and the main office refurbishment.

Notes to the Capital Works Statement:

B1 Property

- **Under budget – Buildings \$2.2M:** Due to the Korumburra Community Hub (\$1.58M), Early years renewal program (\$325,000) and Main Office Refurbishment (\$738,000) projects running behind schedule due to supply issues.

B2 Plant and equipment

- **Over budget – Plant, machinery and equipment (\$128,000):** Due to plant and fleet items delivered earlier than anticipated.
- **Under budget – Computers and telecommunications \$161,000:** Due in part to delays in purchasing of hardware for the Korumburra Community Hub as a result of project running behind schedule and supply chain issues.

B3 Infrastructure

- **Over budget – Roads (\$1.7M):** Largely due to the sealed roads rehabilitation program and the Simons Lane reconstruction project proceeding earlier than expected.
- **Under budget – Bridges \$160,000:** Due to works occurring later than originally anticipated for the bridge rehabilitation program.
- **Over budget – Footpaths and cycleways (\$672,000):** Due to Footpaths Extension and Renewal programs and Great Southern Rail Trail works running ahead of schedule.
- **Over budget – Car parks (\$1.4M):** Due to Port Welshpool Boat Ramp Car Park Enhancement project and Jones Street, Foster car parking being completed ahead of schedule.
- **Under budget – Other infrastructure \$782,000:** Largely due to delays in the Leongatha & Korumburra Railway Station Precincts \$410,000 due to weather and supply issues. Other projects impacting this variance include Yanakie Caravan Park \$197,000, the Walter J Tuck Reserve, Mirboo North lighting upgrade \$128,000 and Playgrounds replacement program (\$177,000) all running behind anticipated budgets.

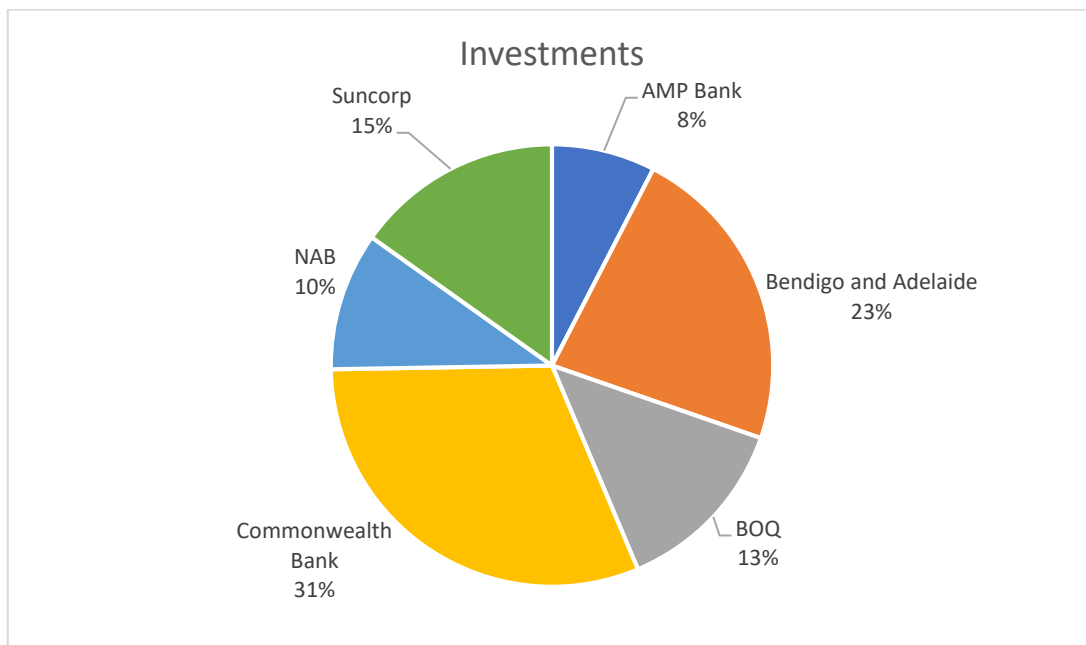
2.6 Treasury

Cash Position

Cash and investment holdings total \$46.5M as of 31 March 2023, an increase of \$11.2M from the 31 December 2022 balance of \$35.3M. Total cash flows for the period ended 31 March 2023 was a positive result of \$4.35M. The breakdown of Council’s cash and investments is:

Cash at Bank	\$6,891,643
Term deposit under 90 days	\$5,299,357
Term deposit over 90 days	\$34,271,403
TOTAL	\$46,462,403

The average current interest rate on the term-deposits held is 3.91%.



Treasury Management Policy

Council’s Treasury Management Policy C24 provides measures to ensure the responsible and strategic management of Council’s treasury activities, specifically investing and borrowings. This Policy has been developed to support the Council to comply with its good governance and conduct obligations in line with various legislation, principally the *Local Government Act 2020*.

The policy states who Council can invest money with and details investment limits which are in line with Council’s risk appetite based on Standard and Poor’s rating agency.

Standard and Poor’s (S&P)	Max. % of Total Funds with one financial institution	Max. % of Total Investment
Long Term Rating		
AAA to AA-	50%	100%
A+ to A-	40%	90%
BBB+ to BBB-	20%*	80%

The two main compliance protocols are Counterparty compliance (the maximum % of total funds held by one financial institution) and Credit quality (the maximum % of total investments held within institutions holding certain Long-term S&P ratings). These limits are summarised in the table below. Council are currently compliant on both aspects of total funds held.

Bank	S &P Rating	Total invested by Rating	Investment (\$)	Total funds invested by Institution	Term
Commonwealth Bank	A-1+	41%	\$5,299,357	13%	Under 90 days
Commonwealth Bank	A-1+		\$7,000,000	18%	Over 90 days
NAB	A-1+		\$4,000,000	10%	Over 90 days
Suncorp	A-1	15%	\$6,000,000	15%	Over 90 days
AMP Bank	A-2	44%	\$3,000,000	8%	Over 90 days
Bendigo and Adelaide	A-2		\$9,000,000	23%	Over 90 days
BOQ	A-2		\$5,271,403	13%	Over 90 days
Total			\$39,570,760		

Debtors

Rates Debtors

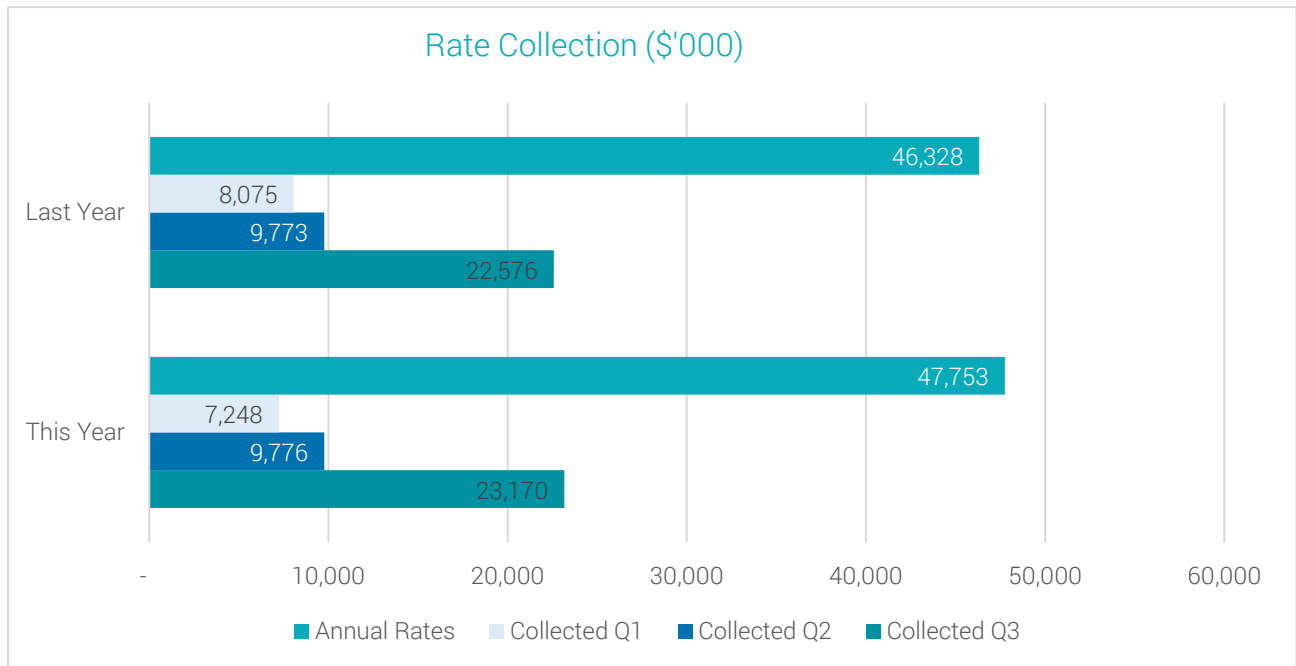
The outstanding rates balance as at 31 March 2023 is \$10.1M, compared to \$9M as at 31 March 2022 which is an increase of \$1.1M year on year.



Rates Collection

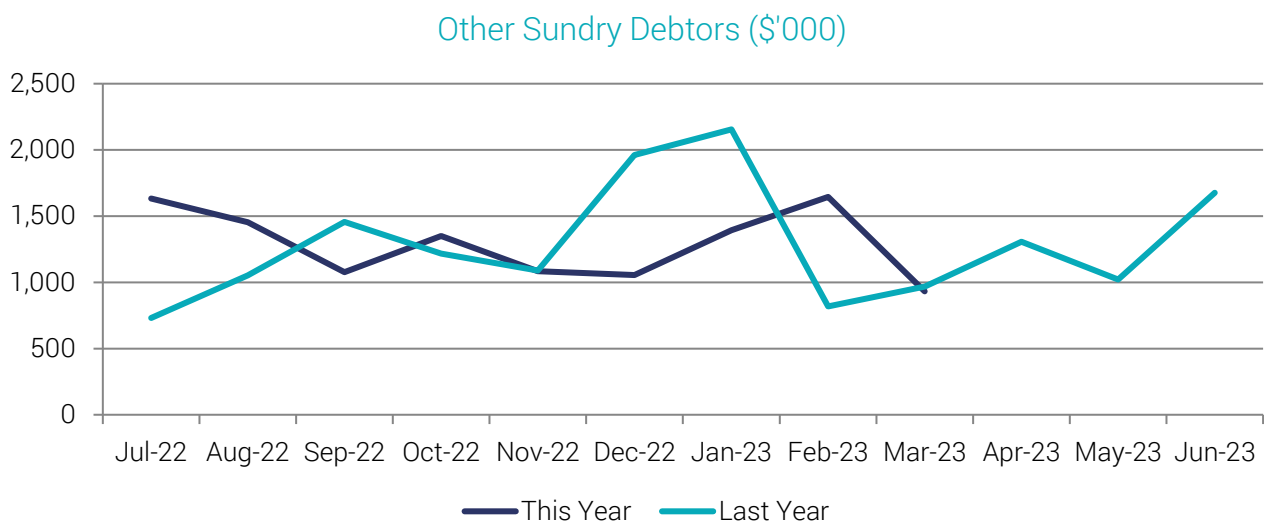
The amount collected up to and including quarter three was \$23.2M (48.5% of total rates raised in 2022/23), the amount collected during the same period last year was \$22.6M (48.7% of total rates raised in 2021/22).

Rates collected shows the amount of cash collected for rates and can vary depending on the payment plans used by each ratepayer. This figure is different to what is shown in the Income statement as the income statement shows how much revenue is charged for the year, regardless of whether it has been collected or not.



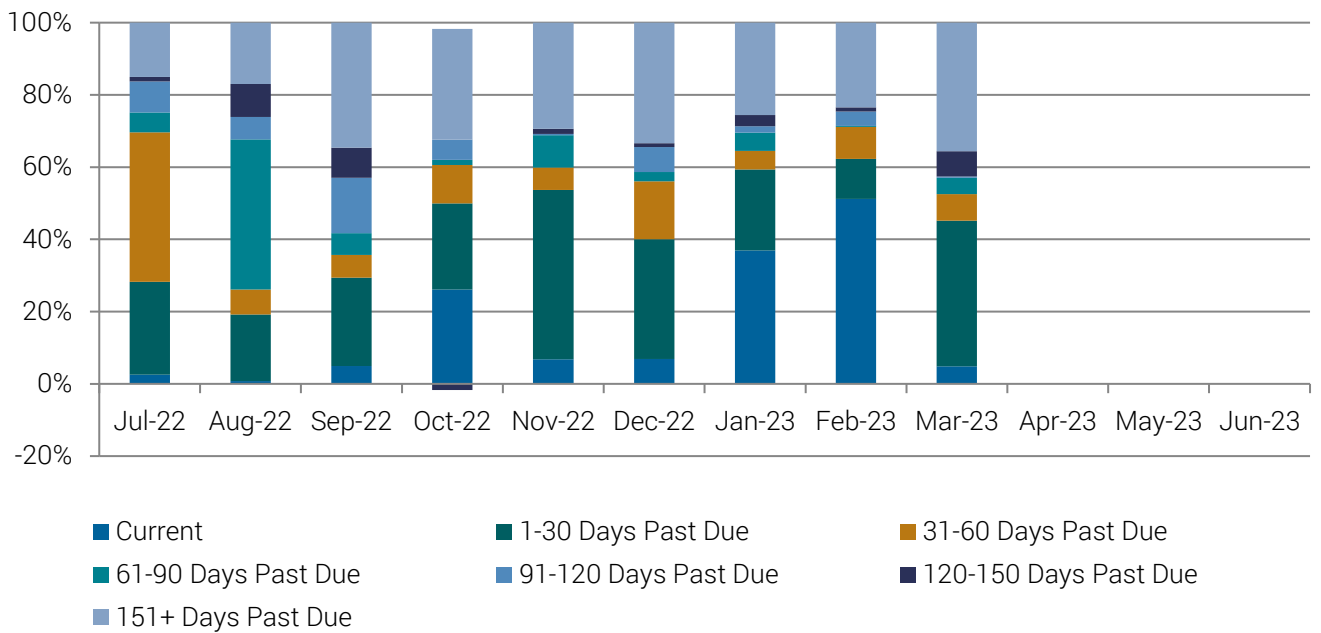
Other Sundry Debtors

The outstanding other sundry debtors balance as at 31 March 2023 is \$932,000, compared to \$968,000 as at 31 March 2022 which is a decrease of \$36,000 (3.7%) year on year.



Approximately 45 per cent of other sundry debtors outstanding are current or less than 30 Days Past Due. \$332,000 of other sundry debtors have been outstanding greater than 151 Days Past Due. Large invoices outstanding greater than 151 Days Past Due include \$29,000 from Ausnet Electrical Services relating to the Leongatha Business Precinct Project, \$110,000 from Department of Jobs, Precincts and Regions relating to the GSRT Extension project and \$34,000 from Goldsmith Quarries relating to rent for the Fish Creek Quarry.

Other Sundry Debtors



Section 3 - Financial Statements

3.1 Balance Sheet as at 31 March 2023

	Notes	YTD Actual December 2022 \$'000	YTD Actual December 2021 \$'000	Year over Year Variance \$'000	Original Budget June 2023 \$'000	Proposed Annual Forecast June 2023 \$'000
Current Assets	C1					
Cash and cash equivalents		12,191	8,234	3,957	10,550	13,841
Trade and other receivables		15,270	12,133	3,137	5,265	6,398
Other financial assets		34,271	34,769	(498)	17,000	19,000
Inventories		218	227	(9)	210	176
Non-current assets classified as held for sale		-	1,691	(1,691)	1,691	-
Other assets		20	40	(20)	240	348
Total Current Assets		61,970	57,094	4,876	34,956	39,763
Non-Current Assets	C2					
Property, infrastructure, plant and equipment		672,554	594,997	77,557	630,015	685,045
Right-of-use-assets		384	16	368	-	362
Investment property		727	615	112	615	727
Intangible asset		-	194	(194)	-	-
Total Non-Current Assets		673,665	595,822	77,843	630,630	686,134
TOTAL ASSETS		735,635	652,916	82,719	665,586	725,897
Current Liabilities	C3					
Trade and other payables		5,548	4,210	(1,338)	5,649	6,456
Unearned income		4,610	2,149	(2,461)	3,000	4,922
Trust funds and deposits		1,105	804	(301)	1,527	1,552
Provisions		6,479	6,819	340	6,534	6,684
Interest-bearing loans and borrowings		645	349	(296)	1,049	978
Lease liabilities		23	24	1	-	91
Unearned rates revenue		11,938	11,574	(364)	-	-
Total Current Liabilities		30,348	25,929	(4,419)	17,759	20,683
Non-Current Liabilities	C4					
Provisions		6,270	4,539	(1,731)	4,728	6,141
Interest-bearing loans and borrowings		7,041	3,516	(3,525)	9,447	8,187
Lease liabilities		364	-	(364)	-	273
Total Non-Current Liabilities		13,675	8,055	(5,620)	14,175	14,601
TOTAL LIABILITIES		44,023	33,984	(10,039)	31,934	35,284
NET ASSETS		691,612	618,932	72,680	633,652	690,613
Equity	C5					
Accumulated Surplus		259,859	247,205	12,654	260,925	258,336
Asset Revaluation Reserve		430,672	371,184	59,488	371,182	431,196
Other Reserves		1,081	543	538	1,545	1,081
TOTAL EQUITY		691,612	618,932	72,680	633,652	690,613

3.2 Statement of Cash flows for the period 1 July 2022 to 31 March 2023

	Notes	YTD Actual \$'000	Proposed Annual Forecast \$'000	Annual Original Budget \$'000	Full Year Forecast Variance \$'000	%
CASH FLOWS FROM OPERATING ACTIVITIES						
	D1					
Rates and charges		40,475	48,459	47,061	1,398	3%
Statutory fees and fines		807	1,380	1,117	263	24%
User fees		3,947	5,189	3,953	1,236	31%
Grants - operating		4,371	6,093	3,623	2,470	68%
Grants - capital		11,821	14,817	10,364	4,453	43%
Contributions - monetary		814	1,948	1,438	510	35%
Interest received		565	650	150	500	333%
Other receipts		908	7,057	1,176	5,881	500%
Employee costs		(20,823)	(29,520)	(27,778)	(1,742)	6%
Materials and services		(20,145)	(29,805)	(23,131)	(6,674)	29%
Other payments		(2,871)	(3,783)	(3,109)	(674)	22%
Net cash provided by (used in) operating activities		19,869	22,485	14,864	7,621	51%
CASH FLOWS FROM INVESTING ACTIVITIES						
	D2					
Payments for property, infrastructure, plant & equipment		(21,193)	(41,823)	(31,467)	(10,356)	33%
Proceeds from sale of property, infrastructure, plant & equipment		51	3,032	3,787	(755)	-20%
Payments for / from Other Financial Assets		2,999	18,270	-	18,270	100%
Net cash provided by (used in) investing activities		(18,143)	(20,521)	(27,680)	7,159	-26%
CASHFLOWS FROM FINANCING ACTIVITIES						
	D3					
Finance costs		(64)	(102)	(73)	(29)	40%
Proceeds from borrowings		-	4,950	4,000	950	24%
Repayment of borrowings		2,750	(721)	(870)	149	-17%
Repayment of leases		(67)	(96)	-	(96)	-100%
Net cash provided by (used in) financing activities		2,619	4,031	3,057	974	32%
Net increase (decrease) in cash and cash equivalents		4,345	5,994	(9,759)	15,753	-161%
Cash and cash equivalents at the beginning of the financial year	D4	7,846	7,847	20,309	(12,462)	-61%
Cash and cash equivalents at the end of the period		12,191	13,841	10,550	3,291	31%

3.3 Notes to the Financial Statements

Balance Sheet

Council's net assets are valued at \$692M as at the end of March 2023.

Year over Year variances

C1 Current Assets

- **Favourable – Cash and cash equivalents \$4M:** Due to the level of cash invested as at the end of March 2023 compared to March 2022.
- **Favourable – Trade and other receivables \$3.1M:** Increase due to rates receivable compared to March 2022 of \$1.3M; an increase in unearned interest receivable of \$348,000; an increase in planning applications receivable by \$539,000 and an increase in grants receivable of \$763,000.
- **Unfavourable – Non-current assets classified as held for sale \$(1.7M):** Due to the wind-up of West Gippsland Regional Library Corporation and assets gifted to My Community Library as of 30 June 2022.

C2 Non-Current Assets

- **Favourable – Property, infrastructure, plant and equipment \$77.6M:** Due to an increase in the revaluation of land and buildings by \$59.8M as of 30 June 2022, as well as capital works performed since March 2022.
- **Favourable – Right-of-use-assets \$368,000:** Due to recognition of new right-of-use asset upon lease renewal of the Leongatha Library in June 2022.
- **Favourable – Investment property \$112,000:** Due to fair value adjustment for the investment property recognised as of 30 June 2022.
- **Unfavourable – Intangible asset (\$194,000):** Due to recognising amortisation for the period since 31 March 2022.

C3 Current Liabilities

- **Unfavourable – Trade and other Payables (\$1.3M):** Due to timing of supplier payments compared to March 2022. This does not represent an ongoing increase in outstanding debts.
- **Unfavourable – Unearned income (\$2.5M):** Due to accounting treatment of capital grants as projects are completed.
- **Unfavourable – Trust funds and deposits (\$301,000):** Due to an increase in tender deposits received from March 2022.
- **Unfavourable – Interest-bearing loans and borrowings (\$296,000):** Due to addition of current portion of new loans for the Korumburra Community Hub and Korumburra Streetscape since 31 March 2022.

C4 Non-Current Liabilities

- **Unfavourable – Provisions (\$1.7M):** Due to increase in landfill provision as of 30 June 2022 by \$1.8M as a result of an increase in index and discount rates.
- **Unfavourable – Non-current Interest-bearing loans and borrowings (\$3.5M):** Due to drawings on the TCV loan for the Korumburra Community Hub and for the Korumburra Streetscape. This is net of payment of the loans over the period up to 31 March 2023.

- **Unfavourable – Lease liabilities (\$364,000):** Due to recognition of lease liability upon lease renewal of the Leongatha Library in June 2022.

C5 Equity

- **Favourable – Accumulated Surplus \$12.7M:** Due to an increase in overall net assets when compared to March 2022.
- **Favourable – Asset Revaluation Reserve \$59.5M:** Due to an increase in the revaluation of land and buildings by \$59.8M as of 30 June 2022.
- **Favourable – Other Reserves \$538,000:** Due to an increase in the Public Open Space reserve recognised as of 30 June 2022.

Cash flow Statement

Forecast variances to Original budget

The following variances relate to the change in the quarter 3 forecast as compared to the Adopted Budget.

D1 Cash flows from operating activities

- **Favourable \$7.6M:** Due to an increase in Rates and Charges of \$1.4M; an increase in operating and capital grants of \$6.9M and an increase in other receipts of \$5.9M. Partially offset by an increase in employee costs of \$1.7M and materials and consumables of \$6.7M.

D2 Cash flows from investing activities

- **Favourable \$7.2M:** Due to an increase in proposed redemptions of Other Financial Assets by \$18.3M (investments) to fund the capital asset program. This is offset by an increase in the capital works program by \$10.4M due to carry forwards from 2021/22 net of any carry forwards to 2022/23.

D3 Cash flows from financing activities:

- **Favourable \$974,000:** Due to the timing of loan fund drawdowns which are driven by progress to the Korumburra Streetscape and Community Hub projects.

D4 Cash and cash equivalents at the beginning of the financial year

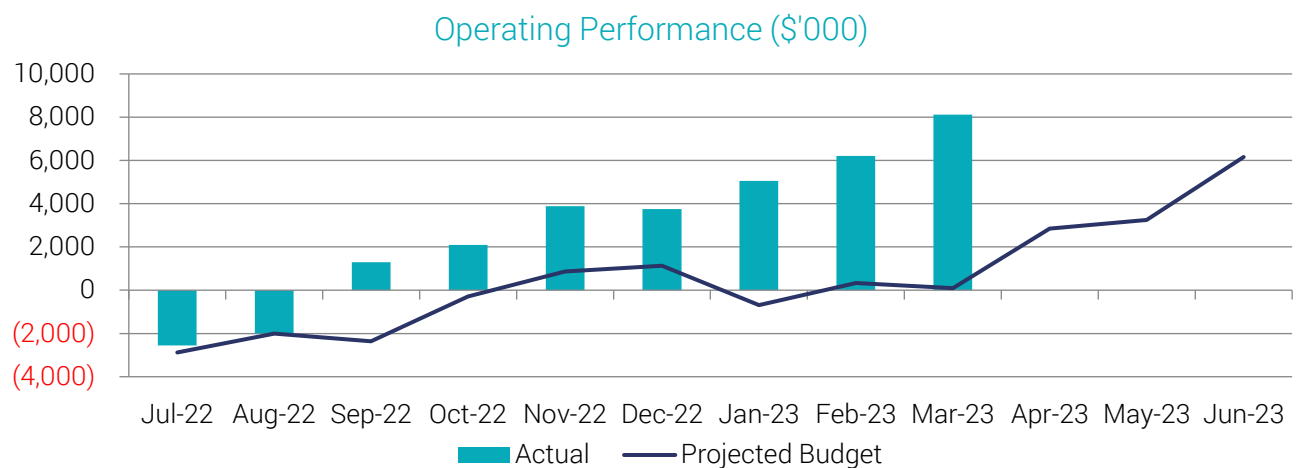
- **Unfavourable (\$12.5M):** Due to updating the forecast based on the actual cash and cash equivalents balance as of 30 June 2022. This is primarily due to delays in the delivery of the capital works program that have in turn not required the redemption of investment funds to date.

Section 4 – Annual Year to Date Financial Analysis

This section analyses the implications of the year to date performance and the projected outcome for the financial year.

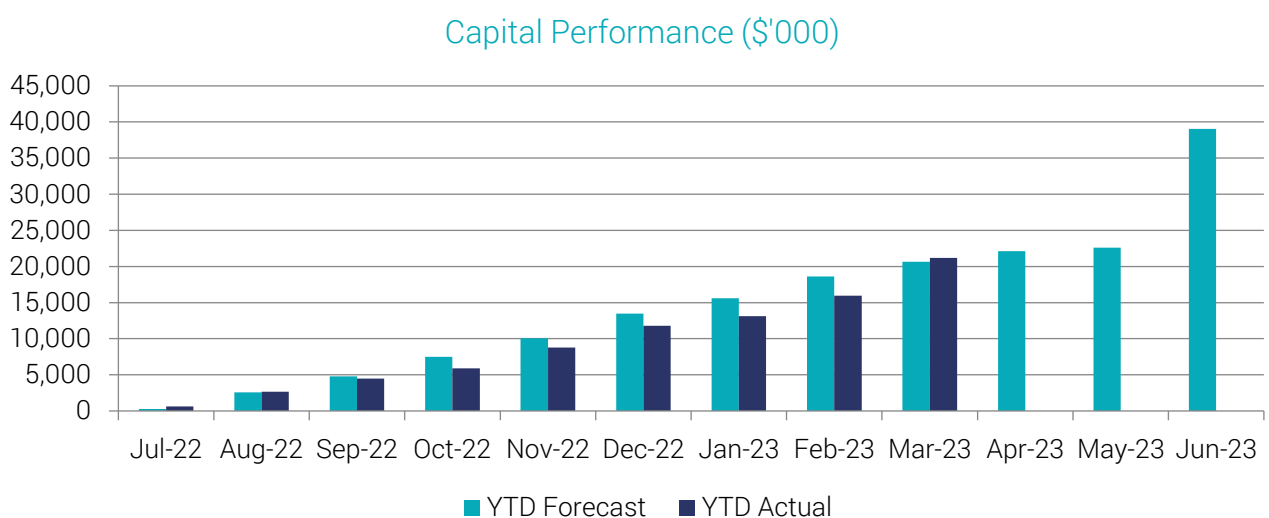
4.1 Operating Performance

The operating result is an \$8.1M surplus for the period July 2022 to March 2023. This is a favourable variation of \$8.0M compared to the budget surplus of \$0.1M for the period July 2022 to March 2023. Further detail can be found in Section 2.4 Notes to the Financial Performance Statement.



4.2 Capital Performance

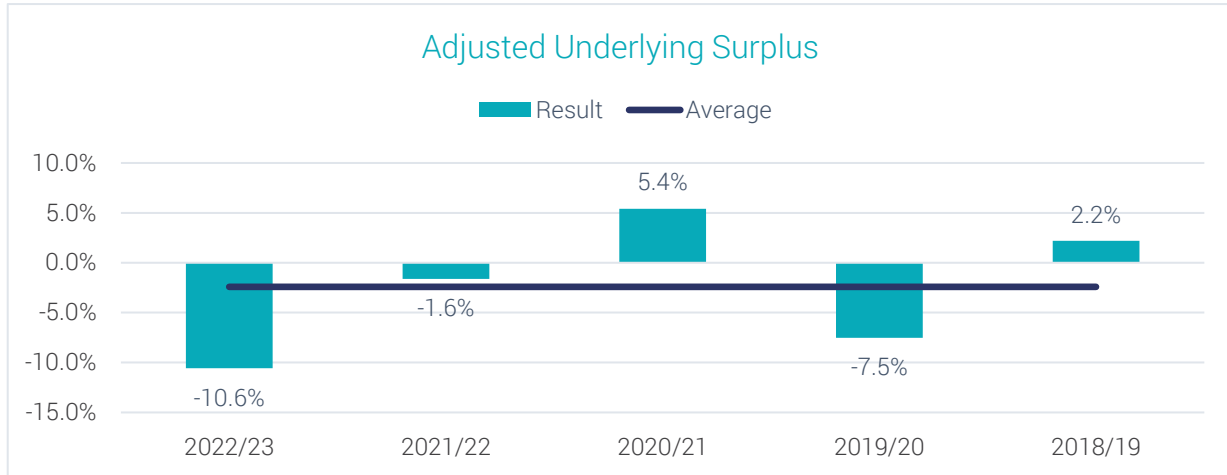
The capital expenditure is \$21.2M for the period July 2022 to March 2023. This is \$0.5M ahead of the forecast of \$20.7M for the period July 2022 to March 2023. Further detail can be found in Section 2.5 Capital Works Statement.



4.3 Financial Ratios

Operating position

The proposed forecast result is for a \$6.9M adjusted underlying deficit for the year ended 30 June 2023.

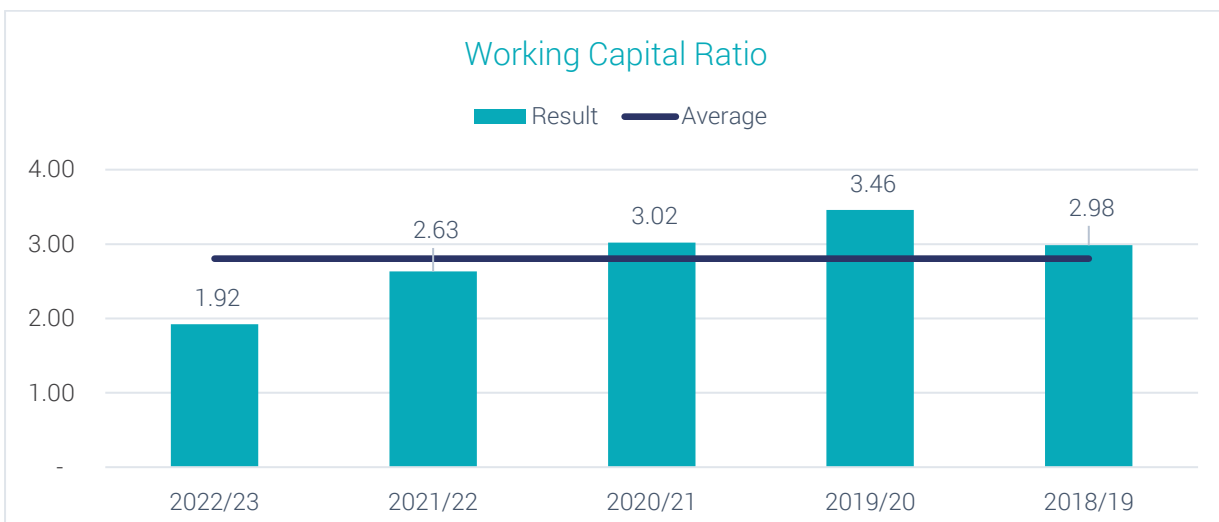


The adjusted underlying result demonstrates Council's ability to generate a surplus in its ordinary course of business, excluding non-recurrent capital grants, non-monetary asset contributions and other contributions to fund capital works from its net result. A surplus or increasing surplus suggest an improvement in operations. The proposed underlying deficit of \$6.9M is largely due to 75% of the Financial Assistance allocation for 2022/23 being paid in advance during 2021/22 (\$8.8M)

Liquidity

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

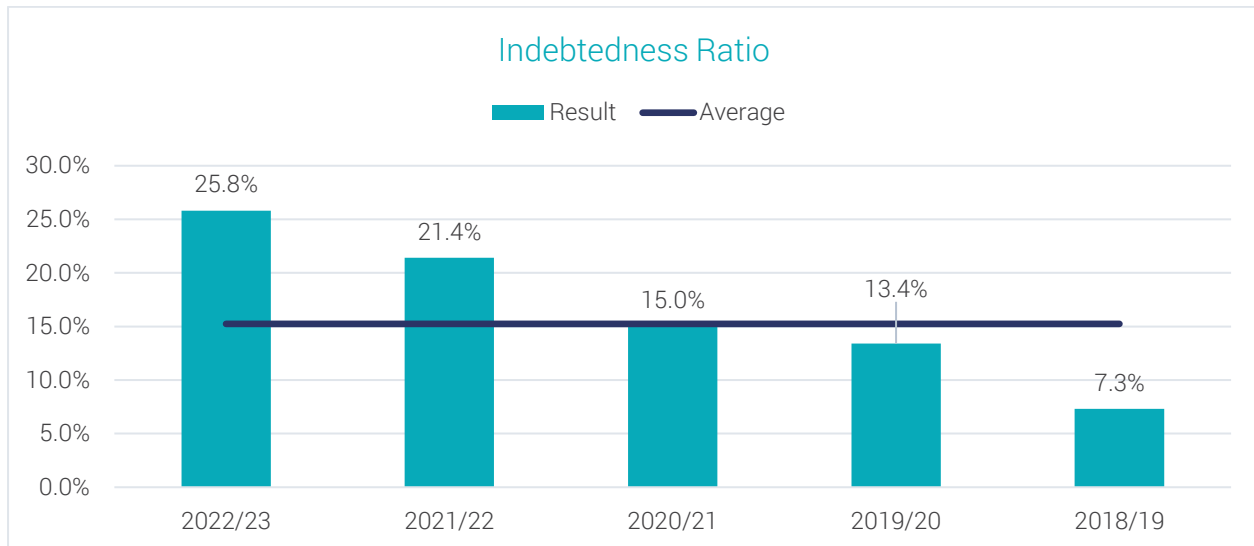
Council's proposed forecast as of 30 June 2023 has a Working Capital Ratio of 1.92. This is within the targeted range above 1.5. The decrease in the forecast compared to previous years is due to a decline in cash and cash equivalents and other financial assets (expected to be \$31.6M as of 30 June 2023), to fund the capital works program.



Obligations

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

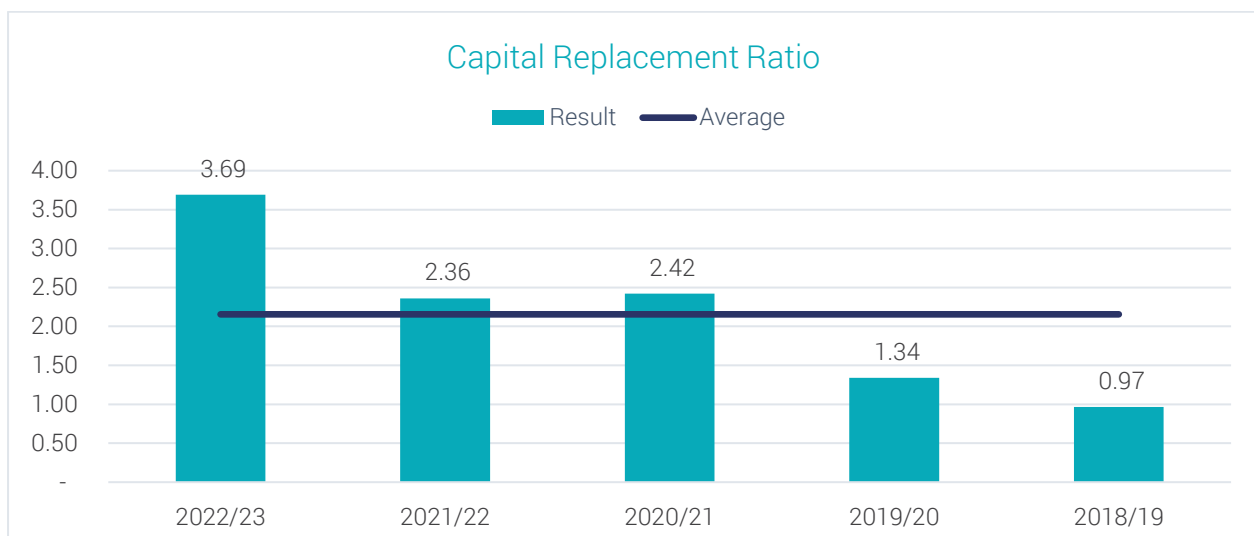
Council's proposed forecast Indebtedness Ratio as of 30 June 2023 is 25.8%, and is well within the target of 40% or lower. The increase over the previous years is due to additional construction drawdown facilities through TCV during 2022/23.



Asset Renewal

Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. The investment in asset renewal for the 2022/23 year is forecasted to be \$29.6M.

The Capital Replacement Ratio compares the total rate of spending on new infrastructure, property, plant and equipment with its depreciation. Ratios of higher than 1:1 indicate that spending is faster than the depreciation rate. Council's proposed forecast Capital Replacement Ratio of 3.72 for the year ending 30 June 2023, which is well above the target of 1.5.



Appendix A – Council Plan Progress

Annual Council Plan initiatives are adopted each year in conjunction with the adoption of the Budget. These initiatives aim to contribute to the delivery of each of Council's six Council Plan Objectives.

Appendix A provides comments on the performance of Council against the 2022/23 Annual Initiatives and the results of the prescribed service performance outcome indicators in the 2022-2026 Council Plan identified in the 2022/23 Budget.

The table below provides a summary of Council's performance against the 48 Annual Initiatives in the 2022-2026 Council Plan.

Legend	Number of Initiatives	Description
Target Achieved (blue)	6	Project has achieved target and is completed. No further action is required.
On Track (green)	38	The progress performance for the indicator is achieving target. All elements of the indicator/project are on track.
Monitor (orange)	4	The progress performance for the indicator is close to target and is being monitored to achieve target. All elements of the indicator/ project are improving to 'on track' or 'target achieved' status.
Not Reported (Grey)	0	The performance indicator is not reported in this quarterly performance report and is reported in the Annual Report.

Strategic Objective - Connecting our People and Places

Our 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 neighborhoods.
- 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.

Service Performance Indicators


The following comments provide the results of the prescribed service performance outcome indicators in the 2022-2026 Council Plan identified in the 2022/23 Budget.

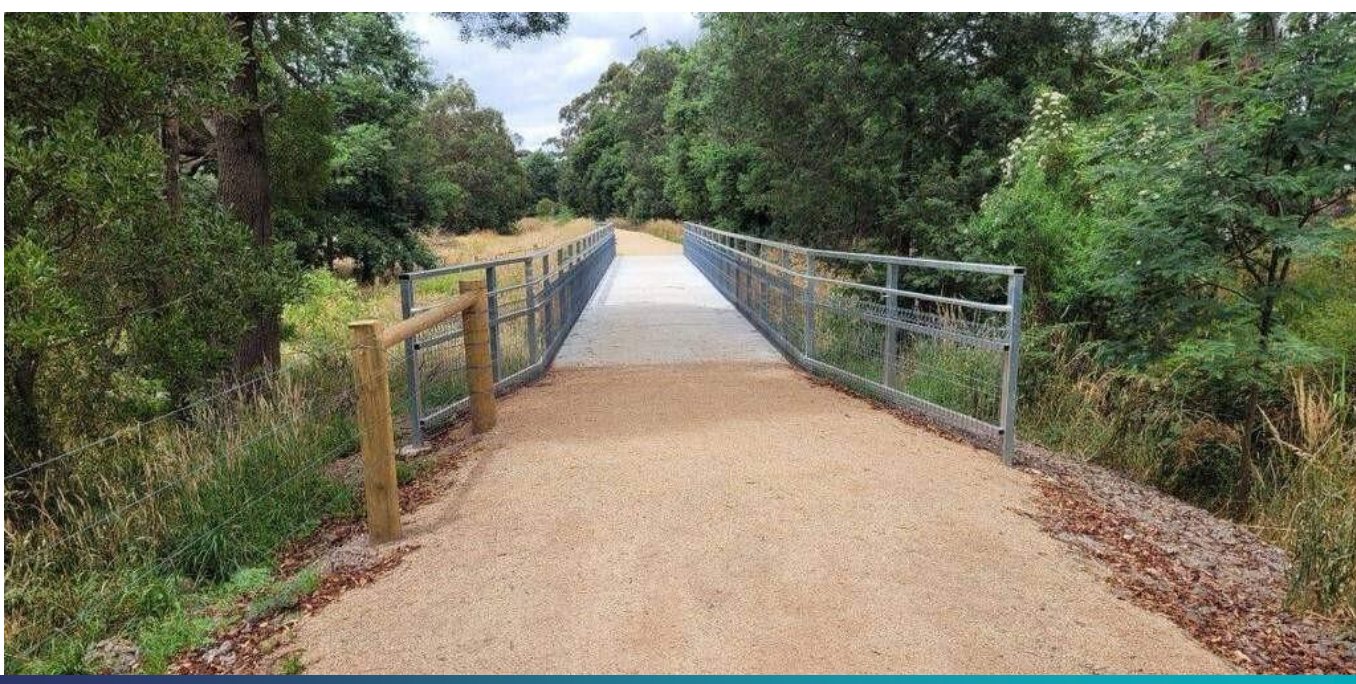
Indicator	Target or desired trend	Previous Year Result	Current Year Result	Status
<p>Road Management</p> <p><i>Satisfaction with sealed local roads</i></p> <p>Community satisfaction rating out of 100 points with how council has performed on the condition of sealed local roads</p>	Maintain or Increase	43 /100 Points	Community Satisfaction Survey results will be available in the 2022/23 Annual Report due to the time frame of the survey results.	

LGPRF Indicator: Local Government Performance Reporting Framework by councils

2022/23 Annual Initiatives

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

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
<p>The sustainability and improvement of Council’s infrastructure will be measured by the percentage of completed capital works projects due for delivery in the current financial year, excluding grant funding reliant projects with funding pending.</p> <p>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>TARGET: 70% or greater completion each year</p>	<p>Program generally progressing well with many projects completed or under construction. However, some projects face significant delays, such as: Venus Bay Streetscape, Meeniyan Hub renewal and Korumburra Railyards Project.</p> <p>There are a variety of causes for delays on these projects, including land acquisition processes, delays to obtaining permits and extended stakeholder consultation periods.</p> <p>Poor weather conditions, materials and labour shortages and cost escalation also continue to hamper delivery of the Capital Works Program.</p>	



Great Southern Rail Trail

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
<p>Advocate to the relevant level of Government for connectivity improvements within the Shire, including telecommunications and transport.</p>	<p>In line with 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 - ABC Gippsland and WIN TV.</p> <p>Mobile blackspot investment in Walkerville was announced with Connecting Victoria confirming the increase in capacity and range of local network. Roll out of upgrades to Fixed Wireless Network commenced during this quarter reporting period.</p> <p>A Council delegation including CEO, Mayor and Deputy Mayor presented Council's advocacy priorities to Federal Ministers, advisers and Departments in Canberra.</p>	
<p>Implement Council's Blueprint for Community and Economic Infrastructure Strategy process to prioritise and schedule asset and capital works and development.</p>	<p>Implementation of Council's Blueprint for the Community and Economic Infrastructure is progressing well, with all new proposals which are not asset renewals being evaluated against the Blueprint principles.</p> <p>The Committee assessed initial upgrade and expansion proposals, mostly on projects on land that that Council does not own/manage. These projects require further development.</p>	
<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>Work has now commenced on evaluating the Paths and Trails that are currently unfunded in the Strategy based on our prioritisation criteria.</p>	
<p>Improve the conditions of gravel roads through extending the Re-sheet Program.</p> <p>TARGET: [An additional 20 kilometres re-sheeting on top of the existing program]</p>	<p>Annual Resheet program is underway. Increases in fuel prices and materials have impacted the total number of kilometres that will be delivered. Due to the increased costs, it is unlikely that the full extra 20 kilometres target will be achieved. The full impact won't be known until the Program is completed.</p>	

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
Improve maintenance, visual aesthetics and safety of our urban activity areas with a new, versatile Street Sweeping service that will regularly clean footpaths in the shopping precincts across the Shire.	Street Sweeping service is in operation this quarter following the recruitment of resource in November 2022 and the evaluation and assessment on plant requirements for purchasing is now complete. The service is also waiting on the delivery of a truck to further enhance the program.	●
Invest \$100,000 in the detailed design work for sealing priority gravel roads (a minimum of two kilometres per annum).	Design work underway for Ross Street Meenyan and Lesters Road Yanakie. Investigations underway for Walkerville South Road and Cape Liptrap Road.	●
Undertake a feasibility study for future pedestrian and bike paths in Venus Bay and Sandy Point.	A scope has been established and a review of material and engineering works has been completed for Venus Bay/ Sandy Point to understand the possibilities for and impediments to future routes.	●



Council's Street Sweeper Service

Strategic Objective – Economy and Industry

Our 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.






Job Expo Held by Council in Leongatha

2022/23 Annual Initiatives

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

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
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.	
Contribute to Destination Gippsland's event acquisition fund to attract and deliver events to South Gippsland.	<p>Council has entered into a partnership with Events Gippsland (Destination Gippsland) and contributed \$55,000 to the event acquisition fund.</p> <p>An Expression of Interest (EOI) 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:</p> <ul style="list-style-type: none"> • Mirboo North Italian Festa; • Meeniyah Garlic Festival; • Prom Coast Festival; • Loch Village Food and Wine Festival (LVF&WF) - including prelude event Loch Long Lunch; and • Mirboo North Winterfest. 	
Implement the annual action plan of the 2021–2031 Economic Development Strategy.	<p>Annual actions underway or completed in this reporting period include:</p> <ul style="list-style-type: none"> • Continuation of the Industrial Land Supply Strategy; • Business support services; • Renewable Offshore Wind Energy investment facilitation and advocacy including delegation to Canberra; • Economic Benefit Study for the Stage Two of Leongatha Alternate Heavy Vehicle Route; and • Completion of the Outdoor Activation Fund projects including CBD footpath and furniture enhancement and Arts Cubes Project; • Council hosted a successful Jobs Expo in Leongatha with 36 stall holders attracting over 200 job seekers to the event, resulting in direct job offers; and • Business Association President's Lunch was held. 	

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
	<p>Officers have continued to coordinate multiple business workshops in partnership with Victorian Government and continued the new South Gippsland Brand implementation and Investment Attraction Program review. Council made a submission to the Parliamentary Inquiry into Regional banking.</p>	
<p>Implement the annual action plan of the 2021–2031 Visitor Economy Strategy to encourage tourism and visitation across the Shire.</p>	<p>The second year of implementing the <i>2021-2031 Visitor Economy Strategy</i> annual action plan commenced with the following actions in this reporting period:</p> <ul style="list-style-type: none"> • Implementation of the South Gippsland Branding Project with adverts developed for regional publications; • Implementation of the Great Southern Rail Trail (GSRT) Marketing and Visitor Experience Plan, including interpretive and town signage development; • Commenced development of the new South Gippsland Official Touring Map brochure; • Completion of the Gippsland Drives Campaign and Tourism Ambassador Program; • Completion of Gippsland Events Acquisition Fund Program; • Attraction of the Great Victorian Bike Ride and Melbourne International Food and Wine Event for 2023; • Promotion of the region through the South Gippsland Festival Series. <ul style="list-style-type: none"> - Successful events of Mirboo North Italian Festa, Meeniyan Garlic Festival and Prom Coast Festival. • Commenced discussions with Bicycle Network for the 2023 Great Victorian Bike Ride. Fish Creek to host an overnight stay; • Liaised with stakeholders to attract Village Feast (Melbourne International Food and Wine Event) to South Gippsland for 2023; • Coal Creek Community Park and Museum curated Threads Exhibition commenced; and • Commencement of guided tours at Coal Creek Community Park and Museum. 	

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
<p>Implement the annual actions of the Arts, Culture and Creative Industries Strategy.</p>	<p>Adoption of the <i>Arts, Culture and Creative Industries Strategy</i> by Council was completed in July 2022.</p> <p>Annual actions underway or completed in this reporting period include:</p> <ul style="list-style-type: none"> • Commenced development of governance and community partnership documents for ArtCubes Project with grant acquittal. • ArtCubes showcased at Coal Creek Community Park and Museum Threads Exhibition; • Continued the development of a Public Art and Collection Management Policy; • Facilitated inaugural Council's Arts Advisory Committee meeting; • Supported live music events, including South Gippsland Songwriters Collective and Mama Kin; • First collaborative live music programming with Lyrebird Arts delivered - <i>The Garifuna Collective</i> at Meeniyah Hall; • Participated in Gippsland Arts Roundtable, facilitated by Regional Arts Victoria; • Managed public art aspect of Leongatha Station re-design (mural project); • Design and planning underway for two Youth Live Music events, including collaboration with FReeZA and Lyrebird Arts; • Provided financial support for visual arts exhibitions and events, including Leongatha Rotary Art Show and Meeniyah Art Gallery IWD exhibition; and • Provided ongoing advice and support for local creatives (individuals and community groups). 	
<p>Develop and implement the Great Southern Rail Trail Management Plan, including a visitation and marketing plan.</p>	<p>The Draft <i>Great Southern Rail Trail (GSRT) Management Plan</i> has had further work added on asset renewal and costings of future infrastructure to assist with community groups interest in progressing projects. The Plan is well progressed and being refined prior to finalisation.</p> <p><i>Great Southern Rail Trail (GSRT) Visitor Experience and Marketing Plan 2022-2031</i> completed.</p> <p>Annual actions underway or completed in this reporting period include:</p> <ul style="list-style-type: none"> • Development of interpretative signage for current and new sections of the trail. 	







Strategic Objective – Healthy and Engaged Communities

Our 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.







Service Performance Indicators

The following comments provide the results of the prescribed service performance outcome indicators in the 2022-2026 Council Plan identified in the 2022/23 Budget.

Indicator	Target or desired trend	Previous Year Result	Current Year Result *	Status
Animal Management <i>Percentage of successful animal management prosecutions</i>	Maintain	100%	100%	
Aquatic Facilities <i>Number of visits to aquatic facilities per head of municipal population</i>	Maintain or increase	3 visits	4 visits	
Food Safety <i>Critical and major non-compliance outcome notifications</i>	Maintain	100%	Not Reported	
Libraries <i>Active library borrowers in the municipality</i>	Maintain or increase	14%	10.5%	
Maternal Child and Health <i>Percentage of children enrolled who participate in the MCH service</i>	Equal to or above 70%	75%	68%	
Maternal Child and Health <i>Percentage of aboriginal children enrolled who participate in the MCH service</i>	Equal to or above 65%	70%	47%	
<p><i>LGPRF Indicator: Local Government Performance Reporting Framework by councils</i></p> <p><i>Current Year results is six-months of data compared to the previous financial year of twelve months.</i></p>				

2022/23 Annual Initiatives

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

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
Review Council's Youth Strategy.	The Youth Strategy has been reviewed and is on schedule to be presented at a Council briefing in April 2023. The Youth Strategy will continue to be implemented throughout 2023 with development of a new Strategy to coincide with future engagement for the next Council Plan.	
Develop and implement the 2022–2026 Municipal Health and Wellbeing Plan and include Council's Disability Action Plan.	Council's 2022-2026 Municipal Public Health and Wellbeing Plan was endorsed at the 19 October 2022 Council Meeting and was submitted to the Department of Health. Council's Disability Action Plan has commenced review.	
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.	Council officers continue to engage with recognised indigenous groups and in partnership with the Bunurong and Gunaikurnai people to progress objectives that lead to reconciliation. Ongoing discussions between first nations peoples and Council have indicated reconciliation objectives may best be achieved through focusing on relationship building, cultural awareness training and a statement of commitment. A Welcome to Country Ceremony was held by Council on the 15 February 2023.	
Commence the review of the General Local Law 2014.	Commenced internal consultation and review of the existing General Local Law 2014 which has included staff drop-in sessions and two presentations to Council. An internal Project Control Group has been formed and external consultants appointed. A report is on schedule to be presented to Council at the April 2023 Council Meeting to consider endorsing the next stage in the review of the Local Law to undertake a proposed community engagement framework for consultation.	
Partner with the community to open the Korumburra Community Hub as a shared community space.	Contract negotiations for management and cleaning of the Korumburra Community Hub are well progressed. Delays to construction are impacting the ability for stakeholders to move into the facility, and alternative interim options are currently being investigated.	
Develop, implement and report annually on the Early Years Services Strategy.	Early Years Services Strategy has been suitably renamed as the Early Years Position Paper and guiding principles, and was endorsed at the December 2022 Council Meeting. Recruitment of an Early Years Project Officer to undertake the implementation of the position paper and guiding principles has commenced.	

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
Develop a 2022-2026 Open Space Asset Management Plan (including Playgrounds).	A review process is currently underway to engage an external consultant for the Proposed Draft of the 2022-2026 Open Space Asset Management Plan (including Playgrounds).	
Continue to support our existing and emerging volunteers.	Continued support of community volunteers through website support, strategic planning support and governance workshops. Council's <i>Community Grants Program</i> supports a wide range of community organisations and groups.	
Commence the revision of the Aquatic Strategy.	The revision of the Aquatic Strategy has commenced with Councillors receiving three briefings since July 2022. The next steps will be the commencement of a community engagement process.	
Commence the investigation and feasibility study for the renewal of Korumburra Pool.	A scope has been prepared and circulated to architects with aquatic experience to work on concept designs. Survey work has been completed and several on-site inspections have occurred to assess layout, drainage and carparking.	
Continue to facilitate Community Plan development, consistent with the objectives of Council's Community Strengthening Strategy.	The Community Planning Network continues to meet and is facilitated by Council.	
Support our Surf Lifesaving Clubs to advocate for Club Upgrades.	Council has reached out again to Life Saving Victoria for a meeting to discuss potential Club upgrades and advocacy projects for the Shire, to get an understanding of what advocacy support Council may be able to provide.	
Advocate for State Government funding to upgrade the Grand Stand at the Leongatha Recreation Reserve.	This project remains a Council Priority Advocacy Project. 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.	

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
<p>The sustainability and improvement of Council's infrastructure will be measured by the percentage of completed capital works projects due for delivery in the current financial year, excluding grant funding reliant projects with funding pending. Below is a list of some of the significant projects:</p> <ul style="list-style-type: none"> • Korumburra Community Hub • Meeniyah Hub Renewal (Community room and conveniences) • Leongatha Early Learning Centre • Korumburra Streetscape • Korumburra & Leongatha Station Site Redevelopment • Venus Bay Tourism Precinct Upgrade • Korumburra Recreation Centre Toilet Refurbishment • Mirboo North Transfer Station Renewal • Venus Bay Skate Park <p>TARGET: 70% or greater completion each year</p>	<p>Program generally progressing well with many projects completed or under construction. However, some projects face significant delays, such as: Venus Bay Streetscape, Meeniyah Hub renewal and Korumburra Railyards Project.</p> <p>There are a variety of causes for delays on these projects, including land acquisition processes, delays to obtaining permits and extended stakeholder consultation periods.</p> <p>Poor weather conditions, materials and labour shortages and cost escalation also continue to hamper delivery of the Capital Works Program.</p>	



Development of Korumburra Community Hub

Strategic Objective – Leading with Integrity

Our 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.

Service Performance Indicators

The following comments provide the results of the prescribed service performance outcome indicators in the 2022-2026 Council Plan identified in the 2022/23 Budget.

Indicator	Target or desired trend	Previous Year Result	Current Year Result	Status
Governance <i>Satisfaction with Council's decisions</i> Community satisfaction rating out of 100 points with how council has performed in making decisions in the interest of the community	Maintain or Increase	43 /100 Points	Community Satisfaction Survey results will be available in the 2022/23 Annual Report due to the time frame of the survey results.	
<i>LGPRF Indicator: Local Government Performance Reporting Framework by councils</i>				

2022/23 Annual Initiatives

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

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
Develop and implement the Advocacy Strategy including Council's Priority Projects.	Council adopted the 2022 Advocacy Strategy and its Advocacy Priorities for 2022/23 at the 29 June 2022 Council Meeting. In March 2023, Council travelled to Canberra to advocate on the Priority Projects at Australian Parliament House.	
Lead an outwardly focused, innovative and financially sustainable organisation that delivers maximum community benefit by conducting Service Reviews of individual services.	Service Reviews have been completed in the areas of Community Strengthening and Environmental Health resulting in improved effectiveness and efficiencies. During this reporting period quotations were sought to undertake a Service Review at Council's Depot. The review will commence in quarter four of the financial year.	
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) has been reviewed and a community consultation period occurred from 22 September to 7 October 2022 in accordance with Council's Community Engagement Policy (C06). Following community consultation, the Governance Rules was endorsed at the 19 October 2022 Council Meeting. Council's Audit and Risk Committee Charter (C08) was endorsed at the 15 February 2023 Council Meeting.	
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.	Council's Customer First Project working group has developed a series of initiatives to be implemented over the next twelve months. These initiatives focus on upskilling and empowering our people to create an improved culture of Customer First and developing our systems and processes to enable us to improve the customer experience. As part of this Project, the new complaints process has been launched and the development of a Customer First Strategy has commenced. Bookable appointments and improved online forms and online payments are also in train.	
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 20 participants commencing the Program. The Program will run through to October 2023. The ten program sessions will explore topics including emotional intelligence, strategic leadership, public engagement, governance, teamwork and more.	


Strategic Objective – Protecting and Enhancing our Environment

Our 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 in townships.
 - Engage with the relevant State Government agencies regarding the use of jet skis in relation to personal safety, amenity and threats to marine wildlife.






Service Performance Indicators

The following comments provide the results of the prescribed service performance outcome indicators in the 2022-2026 Council Plan identified in the 2022/23 Budget.

Indicator	Target or desired trend	Previous Year Result	Current Year Result*	Status
Waste Management <i>Percentage of garbage, recyclables and green organics diverted from landfill</i>	Maintain or increase	52%	55%	
<i>LGPRF Indicator: Local Government Performance Reporting Framework by councils</i> <i>Current Year results is six-months of data compared to the previous financial year of twelve months.</i>				

2022/23 Annual Initiatives

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

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
Partner with land managers, farmers and LandCare to develop and implement weed and pest mitigation programs.	Currently working with a range of stakeholders including LandCare on a number of projects. A program has taken place with a pedal and plant day incorporated with education.	
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 Gippsland Alliance for Climate Action Officer has been appointed by the group. A draft Strategic Plan has been developed to guide the activities of the alliance for the next twelve months.	
Commence the development of the Waste Management Plan, including investigation of 'Food Organics, Green Organics' (FOGO).	Development of the Waste Management Plan will commence once all Gippswide Kerbside waste management services contracts have been finalised, as they will have a significant influence on the Plan. This collaborative project has meant progress has been slower than expected.	
Develop an Integrated Water Management (IWM) Plan for South Gippsland.	Project has commenced and an initial stakeholder meeting has been held to establish all interests and needs for the Plan. This IWM Project is programmed for completion in mid-2024.	
Develop a Tree Replacement Plan for trees removed by Council.	The data collection process has been completed for the Proposed Draft of the Tree Replacement Plan.	

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
Support community led sustainability initiatives including off-grid technologies and totally renewable communities.	<p>Council is represented on the Advisory Group for the Venus Bay Community Centre, supporting their Community Resilience and Reliable Energy Project, providing guidance and a Council perspective on the Project. Recent correspondence from Council has provided further support.</p> <p>This Project is aimed at improving energy resilience and independence for the Venus Bay community and providing a case study of possibilities for other end-of-line communities.</p> <p>Council participates in the Latrobe Valley Authority's Community Smart Energy Innovation Network.</p>	●
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 Plan.	●
Continue to deliver South Gippsland indigenous native vegetation planting program and explore partnership opportunities to expand the Program.	Working with community groups and internally with advocacy to look for further opportunities to expand this program. The Biodiversity Team also delivers annual grants to community groups to undertake revegetation works.	●

Strategic Objective – Sustainable Growth

Our 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 livability 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.





Service Performance Indicators




The following comments provide the results of the prescribed service performance outcome indicators in the 2022-2026 Council Plan identified in the 2022/23 Budget.

Indicator	Target or desired trend	Previous Year Result	Current Year Result*	Status
Statutory Planning Percentage of council planning decisions upheld at VCAT	Maintain or increase	71%	100%	
<i>LGPRF Indicator: Local Government Performance Reporting Framework by councils</i> <i>Current Year results is six-months of data compared to the previous financial year of twelve months.</i>				

2022/23 Annual Initiatives

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

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
Complete actions from the Social and Affordable Housing Strategy to increase State and Federal Government support to service agencies.	<p>Council adopted the Social and Affordable Housing Strategy at the 17 August 2022 Council Meeting.</p> <p>Council has continued engagement with Department of Families, Fairness and Housing (DFFH) with a meeting held with Homes Victoria in March 2023. Officers have continued to advocate towards improving eligible local social housing allocations.</p> <p>A review of Council's crown land in Leongatha, Foster, Mirboo North and Korumburra for consideration towards future social housing contributions has commenced.</p>	
Review Short Stay Accommodation management and consider future options.	A review of Short Stay Accommodation has commenced in line with the General Local Law 2014 review.	
Complete a review of Shire-wide industrial land supply.	<p>Industrial Land Supply Strategy has commenced with mapping, literature and policy review.</p> <p>Councillors received a briefing in February 2023 on the project. Direct engagement with developers, businesses and real estate agents is underway.</p>	
Commence the preparation of a development plan (including developer contributions) for the South Western precinct of Nyora, as part of the Nyora Development Strategy.	<p>The project scope has identified more challenges on infrastructure upgrades to the subject area than initially expected.</p> <p>Grant funding has been secured to engage an external consultant to provide advice on the most appropriate means to secure development contributions in the area.</p> <p>Community consultation on a Draft Nyora Development Strategy has been delayed until developer contribution methodology has been resolved.</p>	

INITIATIVE DESCRIPTION	PROGRESS COMMENTS	STATUS
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.	Community consultation was completed in February 2023 with a series of community based sessions and online surveys. Feedback received during this engagement will be incorporated into the draft Coastal Strategy.	
Implement actions from the Industrial Land Supply Study.	An external consultant has been appointed to work with Council to deliver the Industrial Land Supply Strategy and determine mapping, literature and policy review. Councillors received a briefing in February 2023 on the project. Direct engagement with developers, businesses and real estate agents is underway. Implementation of recommendations will commence once the study has been completed.	
Undertake a comprehensive review of South Gippsland Shire Planning Scheme to assess whether the Scheme's provisions, such as local planning policies, zones, overlays and schedules have been effective and efficient in achieving the objectives and strategies of the Planning Scheme and aligns with the Council Plan. Consider if additional measures including enforceable environment, and design and development overlays are required for future use and amenity by October 2023.	Community consultation on the Draft Planning Scheme Review concluded in March 2023.	

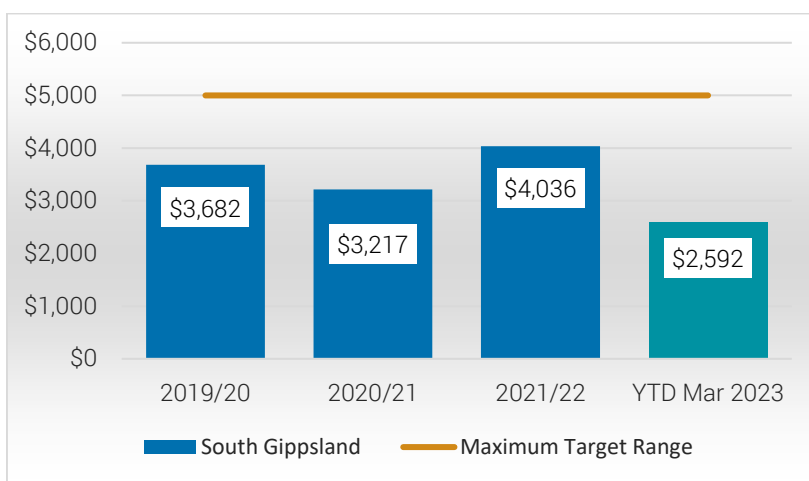
Appendix B – LGPRF Financial Indicators

Appendix C provides detail on the performance of the Local Government Performance Reporting Framework (LGPRF) financial indicators as at 31 March 2023. The following graphs compare year-to-date data of six months compared to annual results for the previous years.

EFFICIENCY – EXPENDITURE AND REVENUE

Expenditure Level – Expenses per property assessment

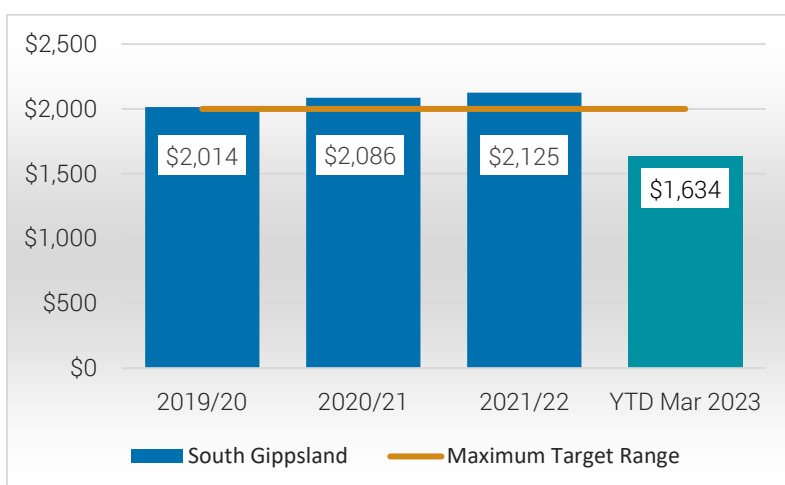
Amount of council expenditure for each property



It is important to note that the expenditure per property in the current year represents nine months of expenditure whilst prior years' columns are for full financial years.

Revenue Level – Average rate per property assessment

Amount of rates charged on average for each property



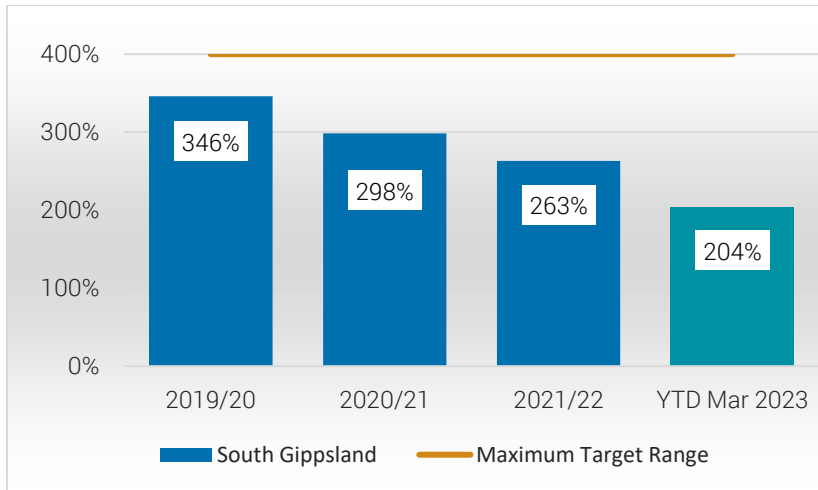
The average rate per property assessment is affected by the Rate Cap and also supplementary rate adjustments that occur during the year.

LIQUIDITY – CURRENT ASSETS AND LIABILITIES

Current assets as a percentage of current liabilities

Value of current assets at the end of the year

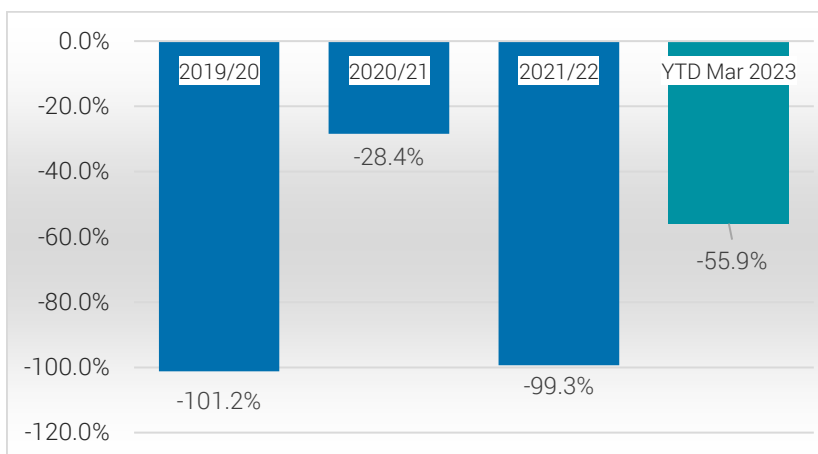
(i.e. assets that can easily be converted to cash within 12 months) divided by the value of current liabilities at the end of year (i.e. obligations due or payable by cash within the next 12 months)



It is important to note that the liquidity ratio for the current year represents the balance sheet at 31st March whilst prior years' columns are for full financial years. The major factor affecting the current year is the accounting treatment of rate revenue that it is treated as a reducing current liability as the year progresses.

Unrestricted cash as a percentage of current liabilities

Amount of cash at the end of the year which is free of restrictions divided by the value of current liabilities at the end of year (i.e. obligations due or payable by cash within the next 12 months)

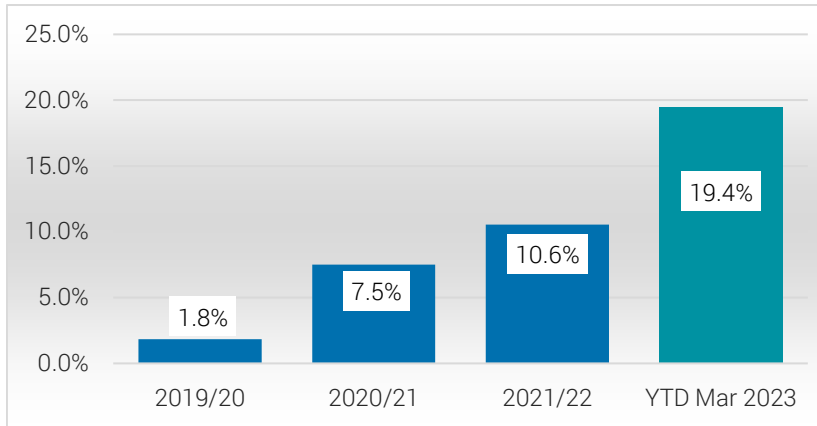


The current year measure is mainly affected by the accounting treatment of rate revenue which is recognised progressively during the year. It should be noted that this measure does not take into account investments held by Council at reporting date with a maturity of greater than 90 days. As at 31st March 2023, Council were holding \$34M in long term investments.

OBLIGATIONS – LOANS AND BORROWINGS

Loans and borrowings as a percentage of rates

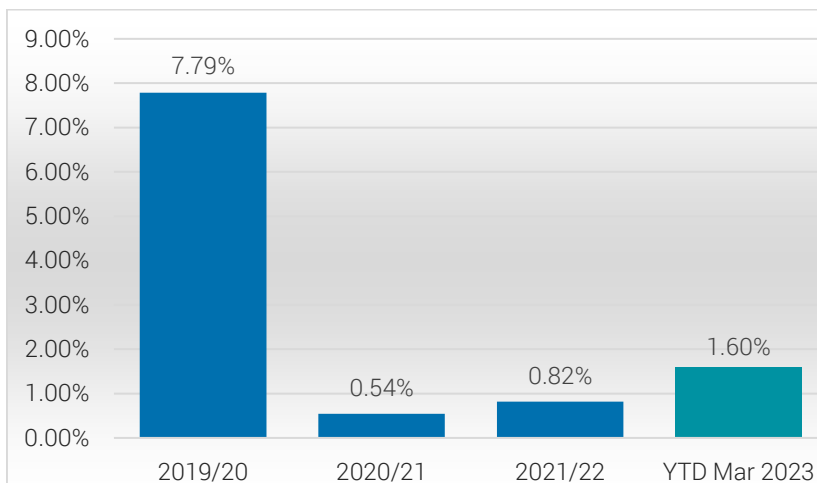
Value of interest-bearing loans and borrowings at the end of the year divided by rates raised for the year



The current year's increase is due to the drawdown of loan funds for the Korumburra Community Hub and Streetscape Project as works progress.

Loans and borrowings repayments as a percentage of rates

Interest bearing loan and borrowing repayments for the year divided by rates raised for the year

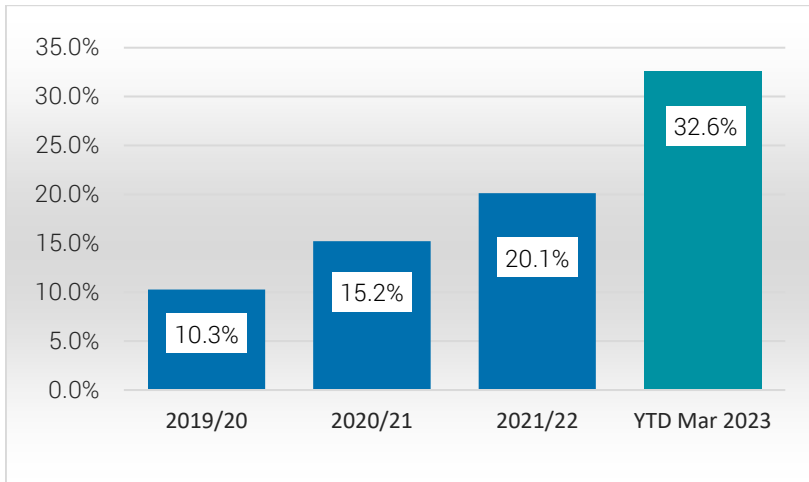


Current loans are progressively drawn for the Korumburra Community Hub and Streetscape Project as progress on works occur. Additional loans recognised during the 2022/23 financial year include \$3.1M for the community hub and \$1.85M for the streetscape which account for the increased measure at 31st March 2023.

OBLIGATIONS – NON-CURRENT LIABILITIES AND ASSET RENEWAL

Non-current liabilities as a percentage of own source revenue

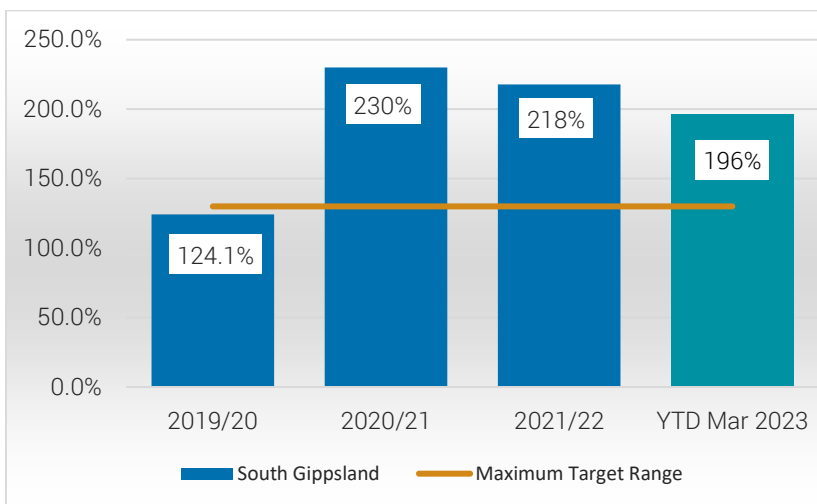
Value of non-current liabilities at the end of year (i.e. obligations not due or payable by cash within the next 12 months) divided by total revenue excluding government grants, contributions for capital works and the value of assets received from developers



As per previous measures, this performance indicator is affected by the progressive drawdown of loan funds for the Korumburra community hub and streetscape projects recognising that new loans have a long-term commitment to repay.

Asset renewal and asset upgrade as a percentage of depreciation

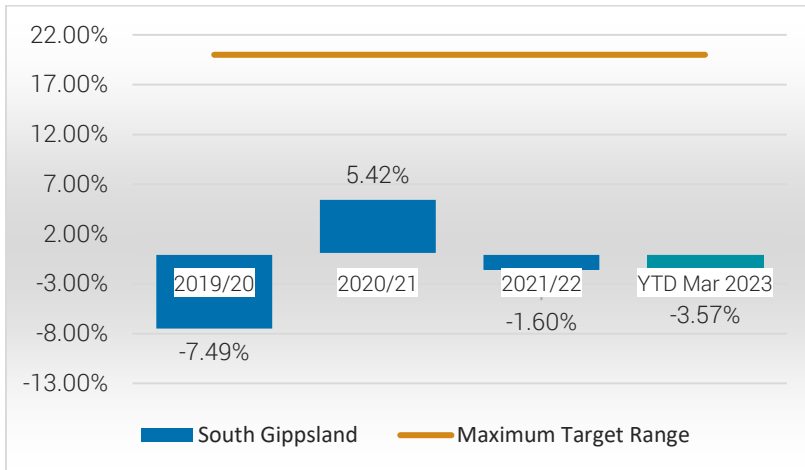
Expenditure on renewing existing assets or upgrading assets divided by the amount of depreciation on all assets



OPERATING POSITION – UNDERLYING REVENUE

Adjusted underlying surplus (or deficit) as a percentage of underlying revenue

Surplus or deficit for the year excluding non-recurrent government grants received for capital purposes, contributions for capital works and the value of assets received from developers divided by total revenue excluding non-recurrent government grants received for capital purposes, contributions for capital works and the value of assets received from developers.

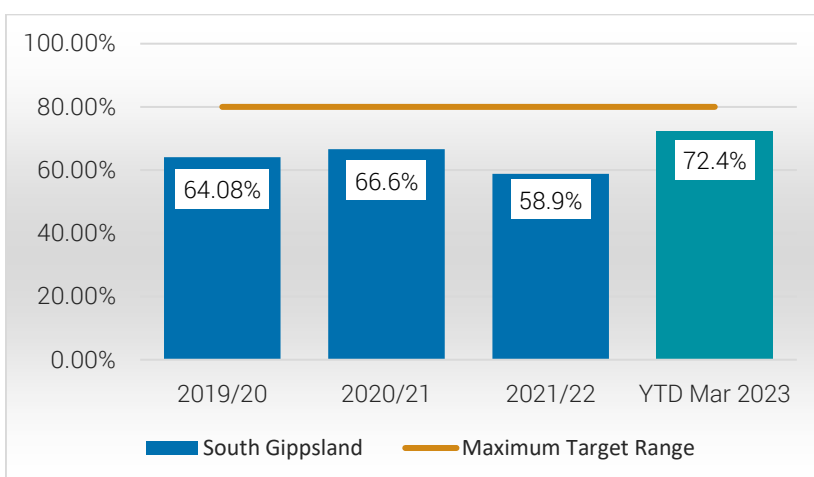


The current year result is lower than prior years as it reflects nine-months of activity rather than a full financial year and reflects a higher proportion of capital grants received during the financial year.

STABILITY – RATES

Rates compared to adjusted underlying revenue

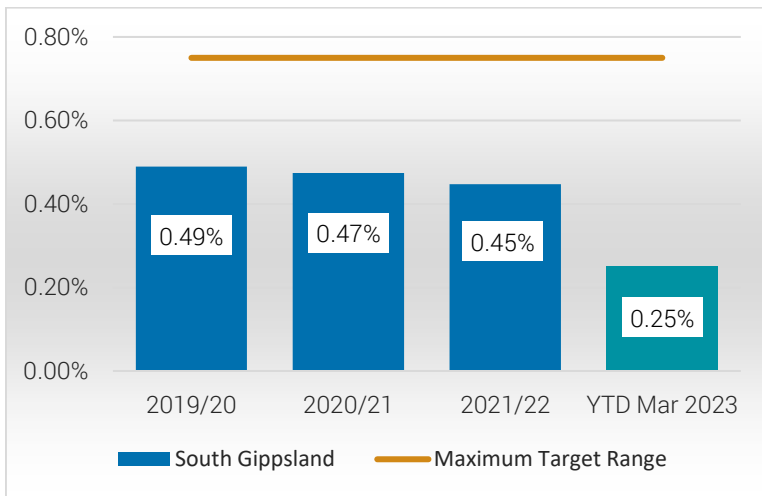
Rates raised for the year divided by total revenue excluding non-recurrent government grants received for capital purposes, contributions for capital works and the value of assets received from developers



As per previous indicators, the current year is affected by the recognition of rates revenue progressively through the year. This measure is really only truly comparable year on year due the timing of revenue recognised throughout the financial year.

Rates compared to property value

Rates raised for the year divided by the total capital improved value (i.e. market value) of all rateable properties



As per previous indicators, the current year is affected by the recognition of rates revenue progressively through the year and is really only truly comparable when the full year rates are recognised.





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South Gippsland
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