



# ORGANISATIONAL PERFORMANCE REPORT

July 2025 to December 2025

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## Acknowledgement of Country

East Gippsland Shire Council acknowledges the Gunaikurnai, Nindi-Ngujarn Ngarigo Monero, Bidawel, Duduroa Dhargal, Jaithmathang people as the Traditional Custodians of this land that encompasses East Gippsland Shire, and their enduring relationship with country. The Traditional Custodians have cared for and nurtured East Gippsland for tens of thousands of years. Council values their living culture and practices and their right to self-determination. Council pays respect to all Aboriginal and Torres Strait Islander people living in East Gippsland, their Elders, past, present, and future.

## About this Report

This Report is prepared as a key component of East Gippsland Shire Council's (Council) commitment to transparent reporting and accountability to our community and to meet statutory reporting requirements under the *Local Government (Planning and Reporting) Regulations 2020*.

## Organisational Performance (Q2)

Incorporating the Municipal Health and Wellbeing Plan, Council has identified the following Strategic Themes through Council Plan 2025-29 that will guide its work over the period:

- Community wellbeing and social responsibility
- Prosperity
- Making the most of what we've got
- Managing Council well

### Performance Monitoring

Council tracks its progress through quarterly reporting, focusing on:

- Progress against Council Plan initiatives
- Outcomes achieved against Council Plan performance measures

## Community wellbeing and social responsibility

We foster a strong sense of belonging, inclusivity, and shared responsibility, ensuring that all members of our community are supported, valued, and empowered to thrive together.

### How this theme is important for the health and wellbeing of our community

Belonging and social inclusion are critical components for mental health and overall well-being. Emphasising mental health and well-being helps reduce stigma, foster social connections, enhance physical health, boost productivity, and create safer communities.

Initiatives that promote high levels of well-being play a crucial role in driving social and economic success. These initiatives result in improved learning outcomes, increased creativity, greater productivity, stronger relationships, better physical health, and longer life expectancy.



East Gippsland Shire Council recognised the 16 Days of Activism by lighting the Corporate Centre orange, installing a “Hands Up for Respect” display, and supporting community events such as the Colour Fun Event at Davison Oval to promote respect and prevent gender-based violence.

## **Outcome – A connected and inclusive community, endeavouring not to leave anyone behind**

### *We work with our local community to deliver a shared future*

- The Omeo District Place Plan progressed well this quarter, with data and demographic insights collated and shared with the community through workshops and engagement at the Omeo Show. Initial engagement has informed a draft district vision and identified key community outcomes, with these findings presented to the internal steering committee. This work contributes to completing the Omeo Place Plan while strengthening community involvement in shaping local priorities. Preparatory work is also underway to enable commencement of the Lindenow Place Plan, supporting Council's commitment to developing place plans that align and prioritise community needs and service levels across the region.
- Council continues to strengthen relationships with primary and allied health providers through ongoing service delivery agreements that support maternal and child health, youth services, healthy eating initiatives and community based physical activity programs. As an active member of the East Gippsland Prevention Partnership, Council also contributes to collective priority actions focused on healthy eating, active living, and reducing smoking and vaping harms. These partnerships and agreements play an essential role in understanding and responding to the high priority needs of our growing and ageing community, while supporting Council's ongoing advocacy for accessible, locally delivered health and wellbeing services.
- This quarter, Council engaged external support to begin consolidating advocacy priorities from the Advocacy Strategy, Council Plan, and upcoming state and federal election priorities. This work will guide the development of a new advocacy framework and an updated Advocacy Strategy in Q3, ensuring a coordinated, four-year approach to prioritising advocacy initiatives. Eleven advocacy actions were progressed in Q2, including media statements, formal correspondence and meetings with government representatives, with a strong focus on securing improved access to health and wellbeing services to meet the needs of East Gippsland's growing and ageing community.

## **Outcome – A stronger collaborative community that is actively engaged and supported**

### *We support the social wellbeing of our community*

- During Q2, Council actively supported the 16 Days of Activism Against Gender-Based Violence, lighting the Corporate Centre in orange and installing an art piece to raise awareness, while staff and Councillors participated by wearing Hands Up to Change the Story t-shirts across customer-facing teams and attended supporting training. Council also partnered in local events, including the community Colour Fun Event and activities delivered with the East Gippsland Community Safety Committee, Partners in Violence Prevention, CASA and Gippsland Women's Health, helping to promote respect and strengthen community engagement around prevention.
- This quarter, Council continued to actively showcase and support our creative and cultural communities through a range of initiatives. Significant assistance was provided to Nowa Nowa Live to organise the hosting of a Tibetan artist as part of a commissioned partnership delivered through the Forge Theatre's program. Council is also progressing IMMERSIVE, a new pilot that will open the Forge Theatre free to the community in March, inviting people to engage directly with art in progress across visual arts, circus, theatre, and music. Additionally, Messages of East Gippsland was installed across all service centres, highlighting the perspectives of young local creatives. Together, these initiatives demonstrate tangible delivery of the Culture and Creativity Strategy and strengthen cultural engagement across the region.

## Council Plan Measures

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
Quarterly	Community participation in council engagement opportunities.	<p>The number of people visiting Your Say increased this quarter, driven by a high volume of live engagement surveys on topical issues. Early in the quarter, this included the Aquatic Strategy and Omeo Place Planning, followed later by the Public Toilet Review, the Summer Carnival, and the Mallacoota Holiday Park Master Planning.</p> <p>Planned promotion of these engagement activities continued to support steady growth in site visitation.</p> <p>As a result, the number of people completing surveys, forums and polls on Your Say rose by 83% compared with the previous quarter.</p> <p>The quarter concluded with a significant year-end spike, with 31 December recording the highest daily visitation (817 visitors), largely due to seasonal topics such as the Public Toilet Review, Lakes Entrance Summer Carnival, and the Mallacoota Foreshore Holiday Park Master Plan.</p>	19,267	Increased participation year-on-year
	Number of visits to aquatic facilities per population.	<p>BARC recorded an increase in attendance compared with both Q2 last year and the previous quarter, increasing by 6,931 visits (+7.1%) in Q2 2025–26 compared with Q2 2024–25. Growth was driven by strong demand across multiple program areas, including aquatic education, group sport participation in the stadium and rising engagement in group fitness. This uplift reflects continued community interest in</p>	5.57	≥11 Visits

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
		<p>structured programs and a broader return to centre-based activities.</p> <p>The Lakes Aquatic Recreation Centre experienced an uplift in participation from both last quarter and the same time last year, increasing by 11,685 visits (+45.0%) in Q2 2025–26 compared with Q2 2024–25. Increased enrolments in aquatic education, higher day-entry usage and renewed popularity of the aqua run contributed to stronger visitation. Health Club and group fitness participation also grew, particularly Aquacise sessions in the Aquadome and Orbost, supporting a notable rise in overall attendance.</p>		
<b>Annually</b>	Percentage of municipal population that are active library members.	Not yet reportable.	-	>15%
	Number of community members volunteering on Committees of Management.	Not yet reportable.	-	≥500 volunteers
	Community perception of safety.	Not yet reportable.	-	Baseline Year
	Percentage of social and affordable housing within the community	Not yet reportable.	-	31.1%

# Prosperity

We embrace sustainability economic growth, fostering opportunities that enhance livelihoods, innovation, and long-term financial stability for our diverse communities.

## How this theme is important for the health and wellbeing of our community

Supporting access to learning opportunities and driving economic investment through local employment is crucial for enhancing social connections, mental health, and self-expression. Continuous learning helps individuals remain adaptable in a changing world, while local employment provides a sense of purpose and community. These opportunities lay the foundation for financial stability and contribute to long-term economic growth. Together, they enable individuals to build relationships, improve their well-being, and achieve greater independence, ultimately enhancing their quality of life and fostering interconnected communities.



Amendment C172egjp has been endorsed by Council and submitted to the Minister, advancing the release of land for housing in Paynesville. Engagement with landowners is underway to prepare Development Plans supporting future subdivision and residential development.

## **Outcome – Thriving, self-sufficient communities with strong local businesses and social enterprises**

### *We are helping to strengthen economic opportunities through local investment and employment*

- Following notification in Quarter 1 that the funding application to progress the Bairnsdale Arts Precinct designs was unsuccessful, Council has continued to monitor and explore alternative funding avenues to advance the project. This work supports our commitment to progressing the Arts Precinct as a key cultural and civic hub, creating spaces that celebrate local heritage and strengthen community activity.
- The Expression of Interest process for the development a community compost facility has been completed, with Council endorsing a shortlist of qualified proponents to progress to the closed tender stage. This work is a key milestone in developing a community composting facility that will support East Gippsland Shire Council's transition to more sustainable waste management practices by diverting organic material from landfill, processing food organics and garden organics locally, and producing high-quality compost for agricultural, landscaping, and land rehabilitation uses. The facility will also contribute to Council's goal of planning and developing infrastructure that supports business growth - particularly within the circular economy - by enabling local resource recovery opportunities and reducing waste transport impacts. Determination of the required EPA licence and the Planning Permit application is anticipated during Q3, allowing the project to progress to its next phase.

### *We support the growth and development of our towns*

- During the quarter, Council advanced work on the development of marketing initiatives that support investment attraction and facilitation. Activity focused on finalising the Regional Marketing Strategy and Action Plan, which is shaping a refreshed, evidence-based approach to promoting the region's investment potential. Insights gained through this work including updated data, research and best practice analysis will inform the strategic relaunch of the Invest East Gippsland platforms and ensure our investment related activities are aligned with current market conditions-based approach to promoting the region's investment potential. Insights gained through this work including updated data, research and best practice analysis will inform the strategic relaunch of the Invest East Gippsland platforms and ensure our investment related activities are aligned with current market conditions.
- Council completed a review and update of the Procurement Policy, with the revised policy adopted in December 2025. The updated policy strengthens Council's procurement principles with a clearer focus on supporting local communities and prioritising local contractors where feasible and competitive, helping to drive local business participation and job growth.
- During the quarter, Council reconvened the Community Panel to identify remaining gaps and priorities for the Bairnsdale 2050 Plan. Targeted internal and external stakeholder engagement was undertaken in November and December to test emerging directions and validate opportunities for growth and placemaking. Further assessment of strategic options is now underway to support the finalisation of the Bairnsdale 2050 Plan for Council consideration and to inform future projects that enhance the town's presentation, attract investment and improve community wellbeing.

### *We promote East Gippsland's places and opportunities*

- During the quarter, Council facilitated an industry roundtable with representatives from the commercial fishing sector to discuss potential impacts of emerging offshore wind development and to capture industry insights. This engagement supported collaboration across local businesses and helped Council better understand opportunities and challenges affecting key sectors. Planning for the next roundtable was delayed due to the mayoral election period and the lead-up to Christmas; however, work is now underway to schedule the 2026 program. The upcoming roundtables will continue to strengthen relationships with major and emerging enterprises, identify opportunities to leverage local strengths, and support initiatives that enhance economic resilience and ensure community benefit from future investment.
- Council launched Phase One of its new procurement platform, VendorPanel, in December 2025, enabling us to source quotes and award work through a more transparent and accessible process. Through Business Connect, we have actively encouraged local businesses to register early so they can view upcoming opportunities and position themselves to bid for Council work. VendorPanel is free and simple to use, helping suppliers connect with local projects while ensuring strong governance and compliance. As we progress into Phase Two, Council will broaden communications and engagement efforts to reach more businesses across the region. This work supports our commitment to strengthening local procurement, creating more opportunities for local suppliers, and ensuring that Council spending continues to benefit the community and enhance economic resilience.

### *We are helping to build a skilled and resilient local workforce that can adapt to new opportunities and challenges*

- During the quarter, Council advanced work with Gippsland TAFE, Federation University and other local higher education providers to ensure education pathways are integral to business and residential attraction efforts across the region. Engagement focused on aligning training opportunities with emerging workforce needs, including continued collaboration with TAFE Gippsland on workforce development priorities and program delivery. Council also worked with Federation University through industry workshops exploring skills gaps and future workforce requirements across Gippsland.
- The Business Support Voucher Program delivered targeted assistance to 79 businesses across transition communities, enabling them to access specialist services in business planning, financial forecasting, marketing, and grant preparation. This support strengthened local business capability and improved readiness to pursue growth and job creating opportunities. As a direct outcome, 31 businesses successfully lodged Expressions of Interest for the Forestry Transition Program's Transition Fund creating clear pathways for investment, diversification, and future employment within industries experiencing change, such as the timber sector.
- During the quarter, Council continued strong advocacy for funding to deliver a two-year pilot of the Community Connector Program, which aims to attract and retain hard to secure skills in East Gippsland by providing wraparound settlement support for new workers. The program, also known as the Workforce Welcome Program, is designed to help incoming employees connect with local services, employers, housing options, community networks and social supports, strengthening both workforce attraction and long-term retention. Council received encouraging responses from government and industry stakeholders, signalling broad recognition of the program's potential to address workforce shortages across the region. A formal proposal for funding support is anticipated in Q3.

## **Outcome – A well-functioning planning system that responds to our communities’ needs**

### *We support and advocate for appropriate planning processes that the community understands*

- Opportunities for direct participation in the Victorian Government’s review of the Planning and Environment Act 1987 were limited this quarter due to the absence of formal consultation with local government. Despite this, Council actively supported the Municipal Association of Victoria’s advocacy and wrote to all Legislative Council members to outline key concerns and ensure local perspectives were represented. Council also continued to monitor reforms arising from Plan for Victoria, participated in related planning reform seminars, and made corresponding updates to permit assessment processes to reflect the emerging policy and legislative changes.
- Implementation of the Statutory Planning Process Improvement Action Plan continued this quarter, with several key improvements now in place. The ‘myLot’ customer platform has been added to the website to streamline access to planning information. New planning information sheets have been prepared to explain updated canopy tree requirements, supporting clearer guidance for applicants. Enhancements have also been made to Request for Information templates to improve consistency and transparency. In addition, processes for Section 173 Agreements have been fully reviewed, documented, and supported by updated templates, laying strong foundations for ongoing implementation of the improvement plan.

### *We are developing land use plans for the right things*

- The East Gippsland Shire Council Coastal and Marine Management Plan was finalised and adopted by Council in October 2026. The Plan provides a long-term strategic framework for protecting, enhancing and sustainably managing the Shire’s coastal and marine environments, outlining priority actions, stewardship responsibilities and management approaches for Council managed coastal areas. With the Plan now adopted, work is progressing to put in place the resource plans and operational supports required to guide its implementation and ensure the effective delivery of its commitments.
- Amendment C172egip has been endorsed by Council and submitted to the Minister for final approval, marking a key step toward unlocking significant land for housing in Paynesville. Engagement with affected landowners is underway to support the preparation of Development Plans that will facilitate subdivision applications once the amendment is approved, ensuring the land can transition efficiently to residential development.
- Further work on the Lucknow Precinct Structure Plan progressed this quarter, with drainage investigations completed to identify the easements required to support future development. Industrial buffer requirements (particularly relating to operations at Patties) have also been confirmed to ensure appropriate land use planning and residential amenity. These foundational assessments now enable preparation of the draft Structure Plan, which is scheduled to commence in Q1 and will guide the release of land for future housing opportunities in the Lucknow precinct.
- The draft Omeo/Swifts Creek Structure Plan has been prepared and is undergoing internal review. Community engagement is scheduled to commence in February 2026 for Omeo and April 2026 for Swifts Creek, marking the formal initiation of the structure planning process for both townships.

### Council Plan Measures

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
<b>Quarterly</b>	Percentage of planning applications decided within the specified timeframe (60 days for regular permits and 10 days for VicSmart permits)	Decision timeframes remain above target and consistent with the complexity of the applications.	73.41%	55%
<b>Annually</b>	Number of ABN registrations in East Gippsland	Not yet reportable.	-	% increase year on year
	Number of visitors to our region.	Not yet reportable.	-	Increase in visitors compared to previous year
	Feedback from local businesses on satisfaction with economic support and development efforts.	Not yet reportable.	-	Increased satisfaction compared to previous year
	Feedback from community members on their satisfaction with the planning system.	Not yet reportable.	-	>Large Rural Council average

## Making the most of what we've got

By using our assets and natural resources wisely, we protect them, adapt to change, and support future generations.

### How this theme is important for the health and wellbeing of our community

A healthy natural environment is vital for food, clean air, and water. Our parks reduce stress and boost mental well-being. Proper management of natural resources improves community quality of life. Efficient waste management and a circular economy minimise environmental impact. Preserving cultural heritage connects us to our history. Maintaining and wisely using assets aligns with community needs. Sustainable resource management, climate risk planning, and safeguarding heritage are priorities for a resilient future.



The Waste and Recycling Service Review and Transition Plan was endorsed by Council in November 2025, marking a key milestone in preparing for the changes required under Recycling Victoria policy

## Outcome – Natural assets are well-managed and protected

### *We promote sustainable management of natural and environmental assets*

- This quarter Council officers met with the East Gippsland Catchment Management Authority to explore the need and benefit of completing an ecological audit of the Gippsland Lakes and potential establishment of a Gippsland lakes research and education centre. Further discussions are planned with other key stakeholders to further understand how this initiative may align with the Gippsland Lakes Strategic Management Plan and priorities of the Gippsland Lakes Coordinating Committee.
- Work progressed this quarter on the development of the East Gippsland Bushland Strategy, with a Request for Quote prepared and issued to three natural resource focused businesses across the broader Gippsland region. A consultant has now been appointed to lead the preparation of the Strategy and the two accompanying environmental management plans for selected bushland areas.

### *We promote environmental sustainability including mitigation and planning for climate risks*

- Work continued in Q2 to identify and establish re-use opportunities that contribute to a more circular approach to water and resource management. Efforts to drought-proof the Bairnsdale Sport and Recreation Reserve progressed through the redesign of the saleyard truck wash and associated site stormwater discharge, with the aim of enabling water capture and reuse. This work supports broader circular economy objectives by reducing potable water demand, creating opportunities for recycled water use in irrigation, and strengthening resilience during dry periods. It also complements ongoing collaboration with East Gippsland Water to explore potential applications for recycled 'Class A' water within local facilities and public open spaces.
- During the quarter, Council continued to support community led approaches to forest management by monitoring the outcomes of the Community Led Forest Management Taskforce, which has now completed its work and released its final report. With the Victorian Government responding to the Taskforce's recommendations in October, Council's role has shifted from advocating for the establishment of the process to engaging in the next phase—supporting the implementation of recommendations that create practical opportunities for local involvement in managing sections of state forest. This ongoing engagement will help strengthen community participation in decisions related to biodiversity, fire mitigation and broader forest uses.
- The Waste and Recycling Service Review and Transition Plan was endorsed by Council in November 2025, marking a key milestone in preparing for the changes required under Recycling Victoria policy. Endorsement of the plan provides a clear, staged pathway for modernising Council's waste and recycling services, including future service configurations, infrastructure needs, education priorities, and behaviour change initiatives. The transition plan positions Council to respond proactively to statewide reforms, ensuring the community is supported through upcoming service changes and that local programs continue to evolve in line with emerging circular economy opportunities and regulatory requirements.

## Outcome – Our cultural heritage is managed and preserved

### *We manage, preserve and promote the culture heritage of our community*

- The Omeo Justice Precinct Masterplan continued to advance in Q2, building on the project's purpose of revitalising this nationally significant heritage precinct and identifying commercial, cultural and tourism opportunities to activate the site in ways that celebrate its history and support year-round visitation. Following two rounds of community engagement, the first draft Masterplan, shaped by a comprehensive background assessment and opportunities analysis, was prepared and circulated for cross-organisational review in November. Feedback from this process will be incorporated into a refined final draft, which is scheduled to be tabled with Council in Q4.
- Promotion of cultural and creative activities continued to progress in Q2 through the development of a destination marketing plan that will guide how the region is promoted in a consistent and equitable way. This work aims to ensure all communities benefit from increased visibility of local cultural assets and have opportunities to collaborate in future promotional activities. A major milestone this quarter was the launch of Council's new Visit East Gippsland social media channels on Instagram and Facebook, supported by the creation of a dedicated content library showcasing cultural experiences and helping to inspire future visitation. Audience growth and deeper collaboration with cultural heritage organisations will be a key focus heading into Q3.
- Work has continued on the Jemmy's Point Lookout signage and interpretation project, which is nearing completion of its research and content design phase. Consultants have collaborated with the Lakes Entrance Historical Society and the Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) to ensure the interpretive content reflects both Traditional Owner perspectives and early European settlement stories. The resulting signage will provide an engaging, culturally informed visitor experience that strengthens understanding and appreciation of the region's heritage.
- Seven Community Emergency Management Plans (CEMPs) were developed this quarter in partnership with Traditional Owner groups, Aboriginal Community Organisations and Aboriginal Community Controlled Health Organisations, ensuring local cultural knowledge is understood, respected and embedded in emergency preparedness. Through individualised engagement and partnership days, the plans capture culturally specific arrangements and strengthen self-determination by building community capability to prepare for and respond to emergencies. A 2025–2026 implementation plan for the Aboriginal & Cultural Recovery & Resilience Strengthening Report was also endorsed, further supporting culturally informed recovery. Municipal emergency management agencies were invited to contribute "agency expectations" during November, though responses were limited due to seasonal operational demands. An Aboriginal Partnerships role, funded through AGRN 1108, continues to enhance Council's capacity to engage respectfully and support communities and organisations with CEMPs, ensuring cultural heritage, knowledge and resilience remain central to emergency management across East Gippsland.
- The new Lake Tyers Trust Boomerang Structure was launched in December. This culturally significant structure, developed in partnership with the Lake Tyers Aboriginal Trust and community representatives, stands as a symbol of heritage, resilience, and connection to Country. Its completion reflects a strong collaborative effort, honouring Traditional Owner history while creating a welcoming and meaningful gateway for residents, visitors, and future generations.

## Outcome - Our assets are well maintained, utilised and meet community needs

### *We make the most out of Council assets*

- The Project plan, scope of works and associated tender for the East Gippsland Aquatic Strategy was finalised in November 2025, with the tender advertised over December 2025 to mid-January 2026. The Aquatic Strategy will provide a clear, evidence-based direction for the future provision, renewal and management of Council's aquatic facilities, ensuring they are safe, sustainable, inclusive and meet the long-term needs of our community.
- The Omeo Mountain Bike Track officially opened in early December 2025, marking a major milestone for the region and cementing Omeo's emerging reputation as a year-round adventure destination. The 114-kilometre trail network linking Mount Sam, Mount Mesley and the Omeo town centre is already delivering a significant economic boost to Omeo.
- During the quarter, Council continued strengthening the accessibility of community assets by completing a series of targeted audits and design reviews. This included accessibility audits at the Paynesville Library and the EGSC Corporate Centre, as well as the development of improved lighting and temperature-control design specifications for the BARC facility. In addition, luminance contrast recommendations were prepared for the Omeo Soldiers Memorial Hall to enhance usability and compliance. Together, these activities contribute to a clearer understanding of accessibility features across our assets and support ongoing improvements to ensure facilities are inclusive and welcoming for all community members.
- Council has continued to strengthen partnerships through participation in several regional stakeholder working groups that support coordinated management of priority weeds across East Gippsland. Involvement in initiatives such as the Gippsland Lakes Invasive Pests Plan, the Far East Eden working group, the DEECA led Good Neighbour Program, and the development of the Regional Catchment Strategy will continue to enhance Council's ability to leverage programs and grants that contribute to effective, landscape scale weed management across the Shire.

## Council Plan Measures

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
<b>Quarterly</b>	Percentage of the Capital Program delivered by the end of the financial year	By the end of the quarter, Capital projects expenditure and commitments reached \$31.5 million, accounting for 41% of the total revised budget. A further 14 tenders have been planned or in progress over the next 3 months to deliver the program.	18.3% <small>(based on actual YTD expenditure)</small>	≥ 70%
	Number of people utilising the Omeo Mountain Bike Trail	Shuttle operations commenced in October 2025, seeing a marked increase in visitation from the previous quarter to 17,808 visits in this quarter.	22,371	Increased utilisation compared to previous year
<b>Half-Yearly</b>	Council sealed local roads and footpaths meeting service level needs	This half-year result indicates that overall network condition has remained stable.	96.21%	≥ 95%
<b>Annually</b>	Capital renewal programs driven by renewal modelling using updated condition data	Not yet reportable.	-	Baseline year
	Number of community members participating in environmental conservation projects	Not yet reportable.	-	Baseline year
	Community satisfaction with appearance of public areas	Not yet reportable.	-	≥ Large Rural Council average

## Managing Council well

We ensure effective leadership, transparent decision-making, and responsible management, fostering trust and collaboration to build a resilient and forward-thinking community.

### **How this theme is important for the health and wellbeing of our community**

By providing inclusive and equitable access to services, processes, and facilities, we ensure that everyone's needs are met, fostering trust and security. Well-managed services enhance public health, support mental and physical well-being and promote social inclusion, reducing isolation and strengthening community connections.



Engagement and communications plans were developed for several major initiatives including our community engagement on the Mallacoota Foreshore Holiday Park Masterplan.

## Outcome – Council operates transparently and effectively with public trust

### *We are transparent and easy to engage and do business with*

- During the quarter, customer compliments overtook complaints, with 61 compliments recorded marking this quarter the highest on record, compared to a record-low 39 complaints. This reversal highlights a strong shift toward positive community feedback, reflecting improved service delivery and responsiveness across the organisation.
- Phase 2 of the CRM Improvement Project is underway, focusing on simplifying Customer Relationship Management (CRM) use across service areas and improving the quality and consistency of data to support reliable organisational reporting. This phase involves structured engagement with service areas to review existing CRM categories, identify opportunities for simplification and consolidation, and better align the system to how services operate in practice. Simplified workflows are being developed and tested with service areas, with targeted process mapping undertaken where processes are unclear or inconsistent.
- A new CRM performance dashboard is now fully embedded in day-to-day operations and actively used to track enquiry volumes, trends and performance - enhancing oversight, improving responsiveness, and making it easier for customers to engage and do business with us.
- The Transparency Portal project has progressed to the next stage, with initial design wireframes and concept maps now completed and reviewed internally. The design team is now moving into refinement and prototype development, incorporating feedback to ensure the Portal is intuitive, accessible, and aligned with community needs. The Transparency Portal will deliver a central, easy-to-use location for a suite of community and performance dashboards that will promote an informed and engaged community, strengthen Councils reputation, and demonstrate responsible use of resources.
- Engagement and communications plans were developed for several major initiatives, outlining key messages, communication channels, timelines and consultation opportunities including:
  - Malla-coota Foreshore Holiday Park Masterplan
  - 2026/27 Annual Budget Engagement
  - Lakes Entrance Carnival
  - Stormwater Management Plan
  - Swifts Creek Public Recreation Amenity Review
  - Johnsonville Community Play Space Design

## Outcome – Decision-making is streamlined, efficient, and responsive to community needs

### *Our services are efficient and effective*

- A draft Organisational Plan has now been developed through extensive engagement, including workshops with Senior Leaders and review by the Staff Consultative Committee, ensuring strong alignment with our Council Plan and organisational priorities. Once finalised, the Plan will guide how we organise our people, systems and resources over the next four years, helping us deliver on our commitments and meet the expectations of our community. To allow more time for meaningful internal engagement and to incorporate organisation-wide input, the completion date has been revised from December 2025 to April 2026.
- Work continued to progress this quarter on the development of our draft Service Delivery Framework, incorporating key recommendations from the Victorian Auditor-General's Office (VAGO) audit into the financial management of Councils. The framework will establish formal service review processes, develop a comprehensive service catalogue, set internal performance metrics, and implement a timetable for ongoing reviews. This initiative supports improved accountability, transparency, and continuous improvement in service delivery.
- The Public Amenity (Toilets) Service Review and the Community Services Service Review progressed this quarter with both projects now in Phase 2. Community engagement for the Amenity Review is underway, with more than 380 responses received across our engagement platforms as of 30 December, highlighting themes around supplies, cleanliness and safety. Engagement will close in early February 2026, with results informing the Service Recommendation Report. Internal service analysis is continuing for the Community Services Review, which will shape a service options paper scheduled for completion in Q3.
- The review of the Local Law has commenced. This has been complimented by a successful joint funding submission "From Complexity to Clarity: Reforming Our Regulatory Landscape". This means we now have \$120,000 in funding to deliver a comprehensive review of our Local Law and develop a self-serve kiosk for low-risk activities governed by the Local Law. This reform will significantly improve the regulatory experience for businesses and the community by simplifying local laws and streamlining permit processes, enabling faster approvals and reducing administrative burden, and providing greater clarity in compliance requirements.

## Council Plan Measures

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
Quarterly	Percentage of customer enquiries responded to within required timeframes	During the quarter a total of 23,204 customer requests were received, with 99.5% of these enquiries responded to within the required timeframes. This reflects a consistently high level of responsiveness across the organisation, demonstrating strong performance in meeting customer service standards.	99.5%	≥ 95%
	Reduction in the number of customer complaints	The organisation recorded its lowest number of complaints at 39, compared to 119 in Q2 last year, representing a 67% reduction. Parking was the most common area of complaint, primarily linked to the ferry shutdown period, with additional seasonal complaints relating to waste sites, pools and facility maintenance.  This positive trend has been supported by a significant increase in positive customer feedback, with 61 compliments received during the quarter.	85	Fewer complaints than previous year
	Increased effectiveness of Council engagement activities	Community engagement effectiveness strengthened this quarter, with 274 people participating in in-person activities. Engagement was also supported by new forums, surveys and interactive tools that reflect increased project activity and topical issues.	1005	Increased engagement participation compared to previous year

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
	Percentage of community engagement plans developed for Council projects	Engagement planning continued strongly this quarter, with tailored plans developed for nine new Council projects and ongoing support provided to project teams to apply best-practice engagement methods, maximise participation outcomes and prepare clear public-facing materials.	100%	100%
	Efficiencies achieved from business service improvements	Efficiency gains this quarter included the optimisation of our Customer Service Request system including automating report generation processes and the inhouse development of PowerBI dashboards to monitor customer and survey responses.	\$54,179	Increased Efficiency
<b>Annually</b>	Community satisfaction with consultation and engagement.	Not yet reportable.	-	≥ Large Rural Council average

# FINANCIAL REPORT

July 2025 to December 2025

# 1. Financial Report Overview and Progress

## Quarter Two - 1 July to 31 December 2025

By 31 December 2025, Council had a year-to-date operating surplus of \$31.441 million, which is 2.8% or \$0.903 million less than expected. This shortfall is mainly because employee costs and depreciation were higher than planned, although this was partly balanced by savings in materials and services and more income in some areas.

However, for the full year, Council is forecasting an operating deficit of \$7.119 million, representing a \$16.349 million unfavourable variance compared to the adopted budget surplus of \$9.231 million. This outcome is largely attributable to a timing difference in the receipt of the Financial Assistance Grant, with \$10.695 million received in advance in the prior year, resulting in reduced operating grant income in 2025/26. This impact is partially offset by favourable variances in non-recurrent operating grants, non-recurrent capital grants, and reimbursements and other contributions, primarily associated with natural disaster reimbursements, including reimbursements for works completed in the prior financial year, and reimbursements for works currently in progress during the year.

### Overall Financial Performance

Council recorded a Year-to-Date (YTD) Operating Surplus of \$31.441 million, which is \$0.903 million or 2.8% lower than the YTD Budget of \$32.344 million.

### Year-to-Date Performance

Performance Measure	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Variance (%)
Operating Surplus (YTD)	31,441	32,344	(903)	(2.8%)

### Full-Year Forecast Performance

Performance Measure	Adopted Budget (\$'000)	Forecast (\$'000)	Variance (\$'000)	Variance (%)
Operating Surplus (FY)	9,231	(7,119)	(16,349)	(177%)
Adjusted Underlying Result (FY)	(8,506)	(27,072)	(18,566)	(218%)

### Year-to-Date (YTD) Performance

Total YTD expenditure was \$67.912 million, which is \$1.265 million (1.9%) above the YTD forecast of \$66.647 million.

The main reason for this negative result is that Employee Benefits are \$1.536 million over budget. This happened because of:

- Grant-Funded roles (\$0.386 million) - additional roles were paid for by grants (money from the government or other organisations). The budget for these roles was not included in the adopted budget. These costs are fully covered by the grant money, so it doesn't put extra pressure on the Council's budget.
- Budget transfers (\$501K) - work that was budgeted to be done by external consultants and contractors and is now being done by staff, so expenses have moved from "Materials and Services" to "Employee Benefits".

- Casual staff costs are \$0.598 million higher than expected - a full casual budget review was completed in Q2 to ensure correct budgeting for the rest of 25/26. This is also reflected in the full year employee costs.
- Not as many staff wages have been costed to capital expenses as budgeted – we are reviewing this to make sure we are correctly allocating employee costs to capital where people are working on capital projects.
- Vacancy rates have been tracking lower than budgeted at 6%, this is compared to an average of between 11-16% in the past.

This higher spending is partly balanced out because we spent (\$0.662 million) less than planned on Materials and Services. This happened mainly because some budget was transferred to employee costs with staff doing the work we had budgeted for consultants or contractors to do and projects and services started later than expected, so that money hasn't been spent yet.

Depreciation and Amortisation costs were \$0.143 million higher than planned. This was mostly because new assets were added later than expected, and recent checks on infrastructure showed that some assets are in worse condition, which means we now have to spread their cost over a shorter time, increasing depreciation expenses.

Also, we spent \$0.255 million more than expected on Other Expenses. This was partly because we lost money when selling assets - the amount we got for them was less than what they were worth on paper.

Overall, we made a surplus of \$31.441 million, which is \$0.903 million (2.8%) less than we expected.

### Full-Year Forecast

The full-year operating result is forecast to be a deficit of \$7.119 million, representing a \$16.349 million unfavourable variance compared to the adopted budget surplus of \$9.231 million. The main reason for this is that \$10.695 million from the Financial Assistance Grant was received in advance last year, so there is less grant income for 2025/26 - however it is important note that we still get the same amount in Financial Assistance Grants - however we recognised a portion of the income in the previous financial year – 2024/25. The other major contributor is carried forward grants of \$6.6 million. After adjusting for these timing impacts, the Adjusted operating result is \$10.176 million.

Description	Adopted budget 25/26	Forecast 25/26	Adjusted forecast (to reverse timing of receipt of financial assistance grants and carry forward grants)	% adjusted forecast to 25/26 adopted budget
Operating result	\$9.231	\$(7.119)	\$10.176	10.2%
Underlying result	\$(8.506)	\$(27.072)	\$(9.777)	(14.9)%

The key drivers of the full-year revenue variance are as follows:

- Recurrent Operating Grants – \$10.618 million unfavourable

The variance is primarily due to the Financial Assistance Grant (FAG) being \$10.695 million lower than budgeted, as the grant was received in advance in the prior financial year. This is a timing impact only and does not affect Council's long-term funding position.

- Non-Recurrent Operating Grants – \$0.564 million favourable

Reflects new operating grants approved during the year, together with a variation to the funding agreement for the Bastion Point Dredging project.

- Non-Recurrent Capital Grants – \$0.494 million favourable driven by the expectation of an increase in Commonwealth grant funding for the Bairnsdale Airport Terminal (Air Ambulance Facility).

- Reimbursements and Other Contributions – \$2.100 million favourable

Primarily relates to Natural Disaster reimbursements, including reimbursements for works completed in the prior financial year, and reimbursements for works currently in progress during the year.

Overall, while the full-year revenue position is unfavourable against budget, this is predominantly attributable to the timing of the receipt of the Financial Assistance Grants. This is partially offset by additional non-recurrent grant funding and disaster-related reimbursements recognised during the year.

The key drivers of the full-year expenditure variance are outlined below:

#### Employee Benefits – \$1.731 million unfavourable, or 3.99%.

The forecast for employee costs to the adopted budget is higher than expected. In the first quarter we estimated an increase of \$0.288 million, but this has now increased to \$1,731 million. The variance in forecast is detailed below:

- Grant-Funded roles (\$0.386 million) - Additional roles were paid for by grants (money from the government or other organisations). The budget for these roles was not included in the adopted budget. These costs are fully covered by the grant money, so it doesn't put extra pressure on the Council's budget.
- Casual Staff (\$0.735 million) - We conducted a full review on casual wages budgets against actuals and maintaining levels of services to community and meeting industrial relations obligations. This resulted in an increase in the forecast spending on casuals of \$0.735 million. This increase is based on a full review of what was needed to maintain our regular work.
- Movement between budget categories (\$0.501 million) - Some funds that were originally set aside to pay for outside help (consultants and contractors) have been moved as internal staff can complete this work instead. This isn't extra spending for the Council overall—it's just changing where the money is recorded.
- Other minor variances (\$0.108 million) - attributed to vacancy rates tracking lower than budgeted at 6%, this is compared to an average of between 11-16% in the past.

#### Materials and Services – \$7.116 million unfavourable

Materials and services totaling approximately \$6.60 million are higher than the adopted budget primarily due to projects and programs carried forward from the previous financial year. Meaning we have the grant funds and are still completing the work. The main areas of carry forward are:

- \$2.35 million relates to specific bushfire and flood recovery initiatives
- \$0.469 million for the Council Flood Support Fund
- \$0.424 million for the Fire 2019 Bushfire Rebuilding Support Service
- \$0.375 million for the Bushfire Recovery and Resilience
- \$0.335 million for the Council Flood Support

- other minor grants make up the balance of \$2.64 million.

### Carry Forwards – What Does That Mean?

At the start of the year, some projects were not finished—they were started last year but not completed. The money set aside to finish these projects is called “carry forwards.” This means the money ‘carries forward’ from the previous year to this year so the projects can be completed. Most of this money comes from grants, and it doesn’t add new costs, but just lets us finish what was started last year.

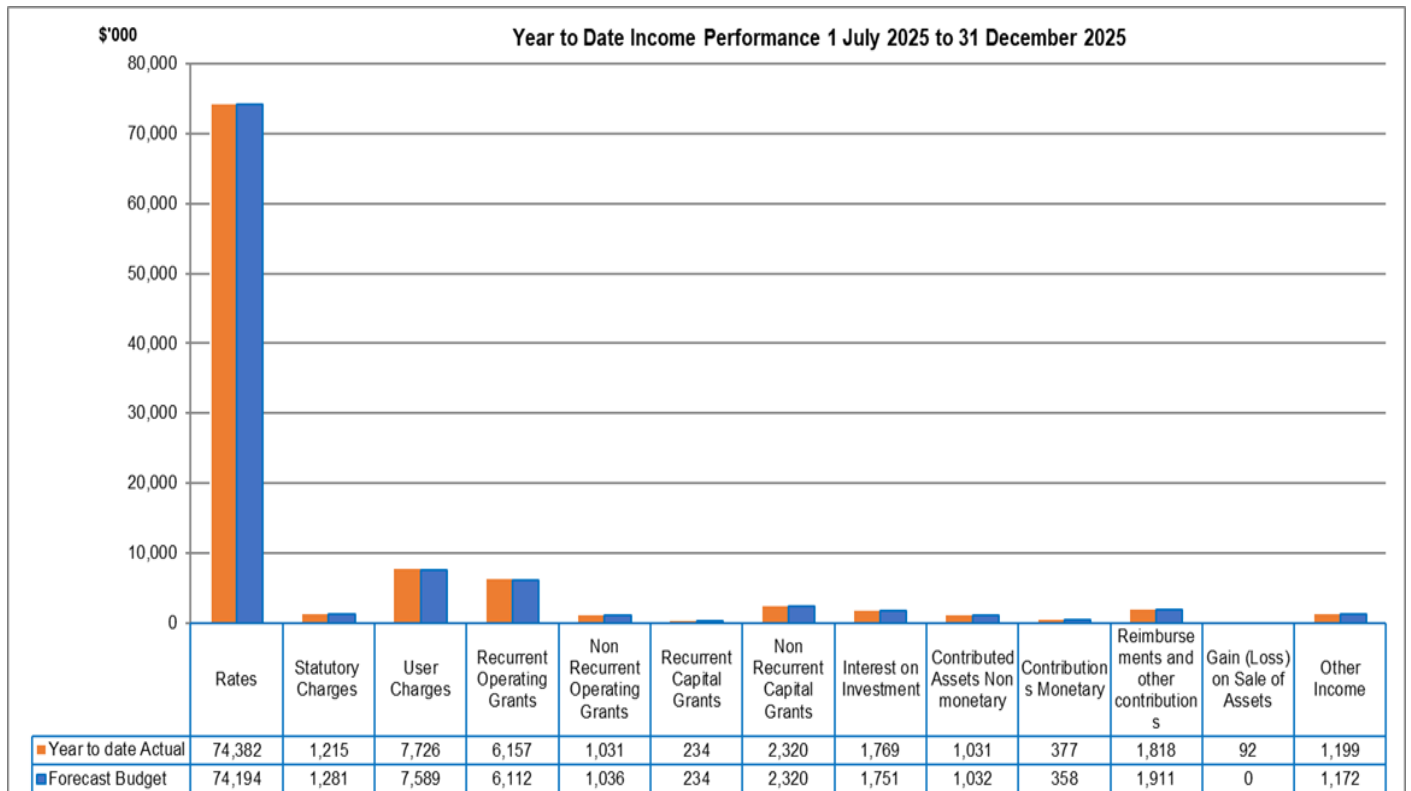
### Depreciation and Amortisation – \$0.358 million unfavourable

The variance reflects the timing of capitalisation of new assets, together with the impact of changes in infrastructure asset condition assessments, resulting in higher depreciation expense.

## 1.1 Income Statement at 31 December 2025

	Year to date Actual \$'000	Year-to-date		Full Year		
		Forecast Budget \$'000	Variance Fav/(Unfav) \$'000	Adopted Budget \$'000	Forecast Budget \$'000	Variance Fav/(Unfav) \$'000
<b>Income</b>						
Rates	74,382	74,194	189	74,145	74,145	0
Statutory Charges	1,215	1,281	(65)	2,693	2,693	0
User Charges	7,726	7,589	137	14,268	14,314	46
Recurrent Operating Grants	6,157	6,112	45	22,239	11,621	(10,618)
Non Recurrent Operating Grants	1,031	1,036	(6)	1,734	2,298	564
Recurrent Capital Grants	234	234	0	5,215	5,215	0
Non Recurrent Capital Grants	2,320	2,320	0	13,714	14,208	494
Interest on Investment	1,769	1,751	18	2,500	2,500	0
Contributed Assets Non monetary	1,031	1,032	(0)	4,000	4,187	187
Contributions Monetary	377	358	18	430	573	142
Reimbursements and other contributions	1,818	1,911	(94)	1,268	3,368	2,100
Gain (Loss) on Sale of Assets	92	0	92	0	0	0
Other Income	1,199	1,172	27	1,875	1,875	0
<b>Total Income</b>	<b>99,352</b>	<b>98,990</b>	<b>362</b>	<b>144,082</b>	<b>136,996</b>	<b>(7,086)</b>
<b>Expenses</b>						
Employee Benefits	23,954	21,683	(1,536)	43,368	45,100	(1,731)
Materials and services	26,407	27,069	662	55,602	62,718	(7,116)
Depreciation and Amortisation	16,951	16,807	(143)	33,479	33,837	(358)
Bad and doubtful debts	0	0	0	23	23	0
Borrowing costs	142	150	8	370	370	0
Finance cost - leases	0	0	0	0	0	0
Other expenses	1,193	938	(255)	2,009	2,068	(59)
<b>Total expenses</b>	<b>67,912</b>	<b>66,647</b>	<b>(1,265)</b>	<b>134,851</b>	<b>144,115</b>	<b>(9,264)</b>
<b>Operating Surplus/(Deficit)</b>	<b>31,441</b>	<b>32,344</b>	<b>(903)</b>	<b>9,231</b>	<b>(7,119)</b>	<b>(16,349)</b>
<b>Adjusted Underlying Surplus/ (Deficit)</b>						
Non Recurrent Capital Grants	(2,320)	(2,320)	0	(13,714)	(14,208)	(494)
Contributed Assets	(1,031)	(1,032)	0	(4,000)	(4,187)	(187)
Capital contributions and reimbursements	0	(6)	6	(23)	(1,559)	(1,536)
<b>Adjusted Underlying Surplus/ (Deficit)</b>	<b>28,089</b>	<b>28,986</b>	<b>(897)</b>	<b>(8,506)</b>	<b>(27,072)</b>	<b>(18,566)</b>

## Year to Date Income Performance 1 July 2025 to 31 December 2025



## Notes for Income Variances

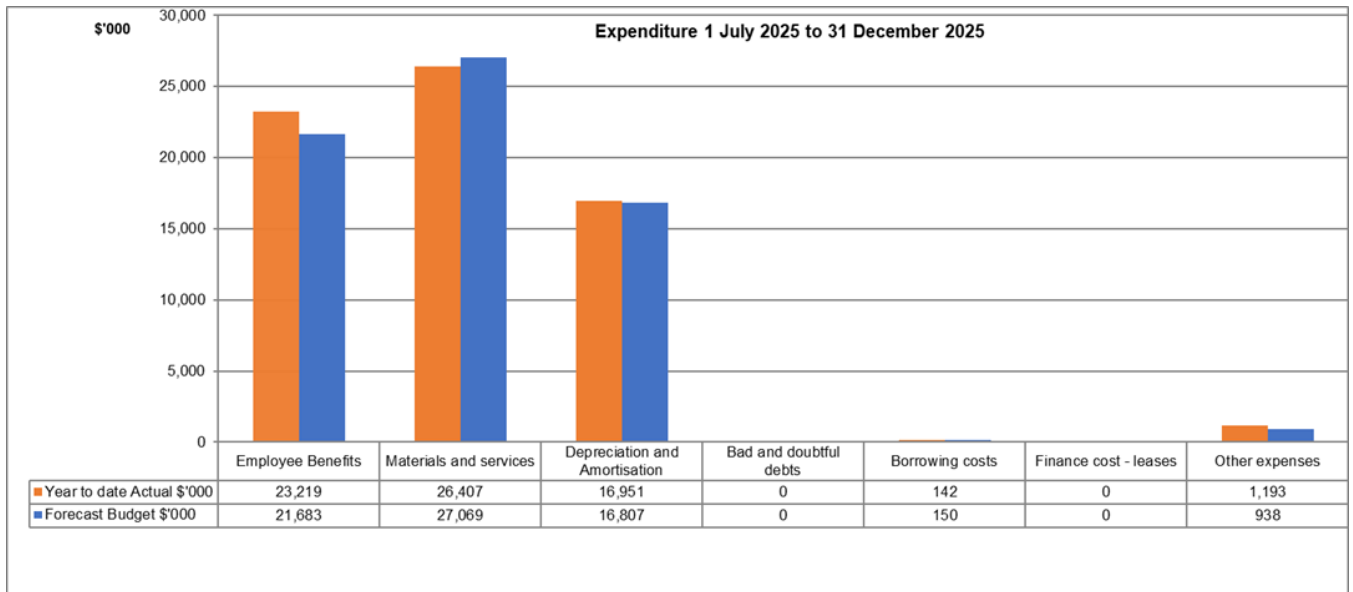
### Variances Year to Date

Category	Variance Fav/(Unfav) \$'000	Commentary
<b>Income</b>		
Rates	189	YTD rates are slightly ahead of budget.
User Charges	137	Revenue from the Saleyard is higher than forecast, driven by stronger-than-anticipated livestock throughput and associated fees.

### Variances Full Year

Category	Variance Fav/(Unfav) \$'000	Commentary
<b>Income</b>		
Recurrent Operating Grants	(10,668)	The full-year position is \$10.668 million below budget, primarily due to the Financial Assistance Grant being received in the prior year (\$10.695 million). This timing difference explains the variance and does not reflect a reduction in funding for the Council in 2025/26.
Non-Recurrent Operating Grants	564	A \$0.564 million favourable to budget, is due to newly approved operating grants during the year and variations in the funding agreement for the Bastion Point Dredging project. This increase reflects additional one-off funding that was not included in the adopted budget.
Non-Recurrent Capital Grants	494	The full-year position is \$0.494 million favourable to budget, primarily due to an increase in Commonwealth funding for the Bairnsdale Airport Terminal (Air Ambulance Facility). This additional grant was not included in the adopted budget and contributes to funding of the capital project.
Reimbursements and other contributions	2,100	A \$2.100 million favourable to budget, is primarily due to reimbursements for Natural Disaster works completed in the prior year. These receipts reflect funding recovery for eligible costs incurred previously and were not included in the adopted budget.

## Expenditure 1 July 2025 to 31 December 2025



## Notes for Expense Variances

### Variances Year to Date

Category	Variance Fav/(Unfav) \$'000	Commentary
<b>Expenditure</b>		
Employee Benefits	(1,536)	The variance is a result of: <ul style="list-style-type: none"> <li>• \$386K in grant funded roles</li> <li>• \$501K in budget transfers from materials and services to employee costs for work done internally rather than by consultants of contractors</li> <li>• \$600K increase in casual wages with a full budget review being completed in the Q2 to ensure correct budgeting for the rest of 25/26.</li> <li>• Lower than expected vacancy rates</li> <li>• Lower than expected costing of employees to capital projects</li> </ul>
Materials and services	662	The variance is primarily due to the timing of works and service delivery occurring later than originally forecast. This is largely attributable to projects and programs that were incomplete at the end of the prior financial year and have been carried forward into the current financial year.
Depreciation and Amortisation	(143)	The variance is a result of the timing for capitalisation for new assets together with the impact of the change in condition assessment for infrastructure assets.
Other Expenses	(255)	The written down value of assets sold is greater than proceed

### Variances Full Year

Category	Variance Fav/(Unfav) \$'000	Commentary
<b>Expenditure</b>		
Employee Benefits	(1,731)	The variance is a result of: <ul style="list-style-type: none"> <li>• \$386K in grant funded roles</li> <li>• \$501K in budget transfers from materials and services to employee costs for work done internally rather than by consultants of contractors</li> <li>• \$735K increase in casual wages after completing a full budget review of our casual workforce and what we need to maintain service to community and meet industrial relations obligations.</li> <li>• Lower than expected vacancy rates</li> <li>• Lower than expected costing of employees to capital projects</li> </ul>
Materials and services	(7,116)	The variance is mainly a result of \$6.60 million of carried forward work that was grant funded in previous financial years.. The main areas of carry forward are: <ul style="list-style-type: none"> <li>• \$2.35 million relates to specific bushfire and flood recovery initiatives</li> </ul>

- \$0.469 million for the Council Flood Support Fund
- \$0.424 million for the Fire 2019 Bushfire Rebuilding Support Service
- \$0.375 million for the Bushfire Recovery and Resilience
- \$0.335 million for the Council Flood Support
- other minor grants make up the balance of \$2.64 million.

Materials and services totaling approximately \$6.60 million are higher than the adopted budget primarily due to projects and programs carried forward from the previous financial year. Meaning we have the grant funds and are still completing the work. The main areas of carry forward are: In addition, expenditure has increased due to new grant funding received during the year, with delivery scheduled within the current financial year. As a result, expenditure is higher than the original budget profile but remains aligned with approved funding and project delivery timelines.

Depreciation and Amortisation	(358)	The variance is a result of the timing for capitalisation for new assets together with the impact of the change in condition assessment for infrastructure assets
Other expenses	(59)	The full-year forecast includes an increase in legal fees, primarily attributable to higher-than-anticipated costs in Risk Management team.
<b>Results</b>		
Operating Surplus/(Deficit)	(15,614)	The operating deficit is primarily a result of the reduction on Recurrent Operating grants that received in advance
Adjusted Underlying Surplus/(Deficit)	(17,831)	Reflects the operational shortfall after excluding non-recurring and capital-related items.

## 1.2 Balance Sheet 31 December 2025

Prior Year Actual (\$'000)		Year to date Actual (\$'000)	Full Year		
			Adopted Budget (\$'000)	Forecast (\$'000)	Variance (\$'000)
<b>Current assets</b>					
86,005	Cash and investments	100,040	59,153	59,440	287
10,417	Receivables	61,158	10,276	10,276	0
37,159	Other financial assets	0	732	732	0
5,075	Other Current Assets	1,639	3,925	3,925	0
<b>138,656</b>	<b>Total Current Assets</b>	<b>162,837</b>	<b>74,086</b>	<b>74,373</b>	<b>287</b>
<b>Non-current assets</b>					
1,375,817	Property, Infrastructure & Equipment	1,370,948	1,421,104	1,421,104	0
13,030	Investment Properties	13,030	10,787	13,030	2,243
465	Right of Use Assets	445	504	376	(128)
1,959	Intangible Assets	1,497	6,942	1,044	(5,898)
10	Other financial assets	0	10	10	0
99	Receivables	75	124	124	0
<b>1,391,380</b>	<b>Total Non- Current Assets</b>	<b>1,385,994</b>	<b>1,439,471</b>	<b>1,435,688</b>	<b>(3,783)</b>
<b>1,530,036</b>	<b>Total assets</b>	<b>1,548,831</b>	<b>1,513,557</b>	<b>1,510,061</b>	<b>(3,496)</b>
<b>Current liabilities</b>					
16,105	Payables	899	10,865	10,866	1
3,821	Trust Funds and Other Deposits	9,712	4,137	4,137	0
7,204	Contract and other liabilities	4,653	5,958	5,958	0
13,743	Current Provisions	13,306	8,216	8,175	(41)
24	Lease Liabilities	24	79	79	0
695	Interest Bearing Liabilities	352	728	728	0
<b>41,592</b>	<b>Total Current Liabilities</b>	<b>28,946</b>	<b>29,983</b>	<b>29,943</b>	<b>(40)</b>
<b>Non-current liabilities</b>					
8,067	Non - Current Provisions	8,066	7,381	7,381	0
265	Contract and other liabilities	265	419	419	0
547	Lease Liabilities	547	600	600	0
8,501	Interest Bearing Liabilities	8,501	7,772	7,772	0
<b>17,380</b>	<b>Total Non - Current Liabilities</b>	<b>17,379</b>	<b>16,172</b>	<b>16,172</b>	<b>0</b>
<b>58,972</b>	<b>Total liabilities</b>	<b>46,325</b>	<b>46,155</b>	<b>46,115</b>	<b>(40)</b>
<b>1,471,064</b>	<b>Net assets</b>	<b>1,502,506</b>	<b>1,467,402</b>	<b>1,463,946</b>	<b>(3,456)</b>
<b>Equity</b>					
937,638	Reserves	937,640	937,778	937,778	0
533,426	Total Retained Earnings	564,867	529,624	526,168	(3,456)
<b>1,471,064</b>	<b>Total Equity</b>	<b>1,502,506</b>	<b>1,467,402</b>	<b>1,463,946</b>	<b>(3,456)</b>
	<b>Net Surplus for year</b>	<b>31,441</b>	<b>9,231</b>	<b>(7,119)</b>	<b>(16,349)</b>

## Notes for Balance Sheet Variances

### Variances - Full Year

Category	Variance Fav/(Unfav) \$'000	Commentary
Cash and investments	1,022	The favourable variance is partly a result of the delay in invoicing for capital projects.
Investment Properties	2,243	Some properties were reclassified from Property, Plant and Equipment to Investment Properties. This change was not included in the adopted budget.
Right of Use Assets	(128)	Council has cancelled two leases for Balfours Road depot and equipment which were included in the adopted budget.
Intangible Assets	(5,898)	Council had cloud-based software recorded as intangibles in the budget now recognised as operating expenses in line with accounting standard changes.
Total Retained Earnings	(2,721)	Overall, total retained earnings for the quarter were broadly in line with planned results. However, some movements were noted in Assets Held for Investment and Intangible Assets, primarily due to asset reclassifications.

### 1.3 Cashflow Statement for the Period 1 July 2025 to 31 December 2025

	Year-to-date	Full Year		Variance (\$'000)
	Actual (\$'000)	Adopted Budget (\$'000)	Forecast Budget (\$'000)	
<b><i>Cashflows from Operating Activities</i></b>				
Ratepayer receipts	32,421	76,271	74,109	(2,162)
Statutory fees and fines	1,179	2,693	2,670	(23)
User fees	7,827	13,742	10,801	(2,941)
Operating Grants	6,805	23,973	12,300	(11,673)
Capital Grants	661	18,929	22,796	3,867
Contributions	377	430	573	143
Interest Received	2,140	2,500	2,465	(35)
Trust funds and deposits taken	5,891	8,650	8,816	166
Other Receipts and reimbursements	(5,161)	2,863	5,243	2,380
Net GST refund/payment	85	0	0	0
Payments to Employees	(23,563)	(42,833)	(46,091)	(3,258)
Payments to Suppliers	(39,502)	(61,245)	(73,447)	(12,202)
Trust funds and deposits repaid	0	(8,650)	(8,500)	150
Other Payments	(1,312)	(2,009)	(2,068)	(59)
<b>Net cash provided by (used in) operating activities</b>	<b>(12,152)</b>	<b>35,314</b>	<b>9,666</b>	<b>(25,648)</b>
<b><i>Cashflows from Investing Activities</i></b>				
Payments for Property/ Plant	(12,423)	(71,711)	(73,238)	(1,527)
Proceeds from Investments	37,159	0	37,159	37,159
Proceeds from sale of assets	1,973	725	805	80
<b>Net cash provided by (used in) investing activities</b>	<b>26,709</b>	<b>(70,986)</b>	<b>(35,274)</b>	<b>35,712</b>
<b><i>Cashflows from Financing Activities</i></b>				
Finance costs	(142)	(369)	(370)	(1)
Loan Principal Repayments	(343)	(695)	(696)	(1)
New Loans	0	0	0	0
Interest paid-lease liability	0	(1)	0	1
Repayment of lease liabilities	(24)	0	109	109
<b>Net cash provided by (used in) investing activities</b>	<b>(508)</b>	<b>(1,065)</b>	<b>(957)</b>	<b>108</b>
<b>Net Increase / (Decrease) in Cash</b>	<b>14,049</b>	<b>(36,737)</b>	<b>(26,565)</b>	<b>10,172</b>
Cash At Beginning of Period/Year	86,005	95,890	86,005	(9,885)
<b>Cash at End of Period/Year</b>	<b>100,054</b>	<b>59,153</b>	<b>59,440</b>	<b>287</b>

## 1.4 Capital Works Projects

The 2025-26 Capital Works Projects budget was adopted in June 2025 at \$71.711 million.

After final adjustments for carry forwards, the total budget increased by \$3.152 million, resulting in an initial budget of \$74.864 million.

At the end of the second quarter, the forecasted budget decreased by \$5.541 million, reducing the revised budget to \$69.322 million.

By the end of the period, Capital projects expenditure and commitments reached \$24.889 million, accounting for 35.9% of the total revised budget.

This pertains solely to capital works and excludes waste landfill rehabilitation and aftercare projects (major projects) and community projects. Landfill rehabilitation projects are mentioned further in this report however the combined overall budget is \$81.352 million. Community projects budget including carryovers was \$4.7 million which was further revised to \$7.5 million.

### Landfill Rehabilitation Projects as of 31 December 2025

The 2025-26 adopted budget for Landfill Rehabilitation projects totalled \$6.485 million – these are classified as major projects as they are not capital in nature but are significant expenditures items. After final adjustments for carry forwards, the total budget was increased by \$0.003 million, resulting in an initial budget \$6.488 million.

By the end of the period Landfill Rehabilitation Works expenditure and commitments reached \$0.297 million.

### Landfill Rehabilitation Projects carry forwards:

The full year budget has been reduced by \$6.2 million due to three waste related projects that we are required to be included in the budget by the Environmental Protection Authority but do not necessarily need to be completed in the budgeted year. An assessment will be completed at the start of the new financial year to confirm if the projects need to proceed to meet legislative requirements.

For these projects it has been assessed that they do not need to be completed in 2025/26. They have been carried forward to the 26/27 Budget:

- Cann River Landfill Capping - \$1.5 million
- Bairnsdale Cell 3A Capping Design - \$2.3 million
- Bairnsdale Cell 3B capping - \$2.4 million

### Capital Works carry forwards:

Some projects will not be completed until the 2026/27 financial year. The total of these projects is \$2.4m and consist of:

- Internal CCTV Renewal - \$0.1 million
- Digital Services - \$2 million
- Public Space CCTV - \$0.3 million

## Holding Account - Balance

All budget adjustments have been processed through the designated holding account. The snapshot below provides a summary of the projects, their current status, and the corresponding variation amounts that have been actioned as part of this process. The movement in the holding account is detailed in the table below, showing an opening balance of \$201,016 at the start of November and a closing balance of -\$ 74,085.46 as at 31 December 2025. Due to processing timing variances, the holding account balance has temporarily decreased. These movements will be appropriately journalled in the January 2026.

## Capital Works Program Summary as at 31 December 2025

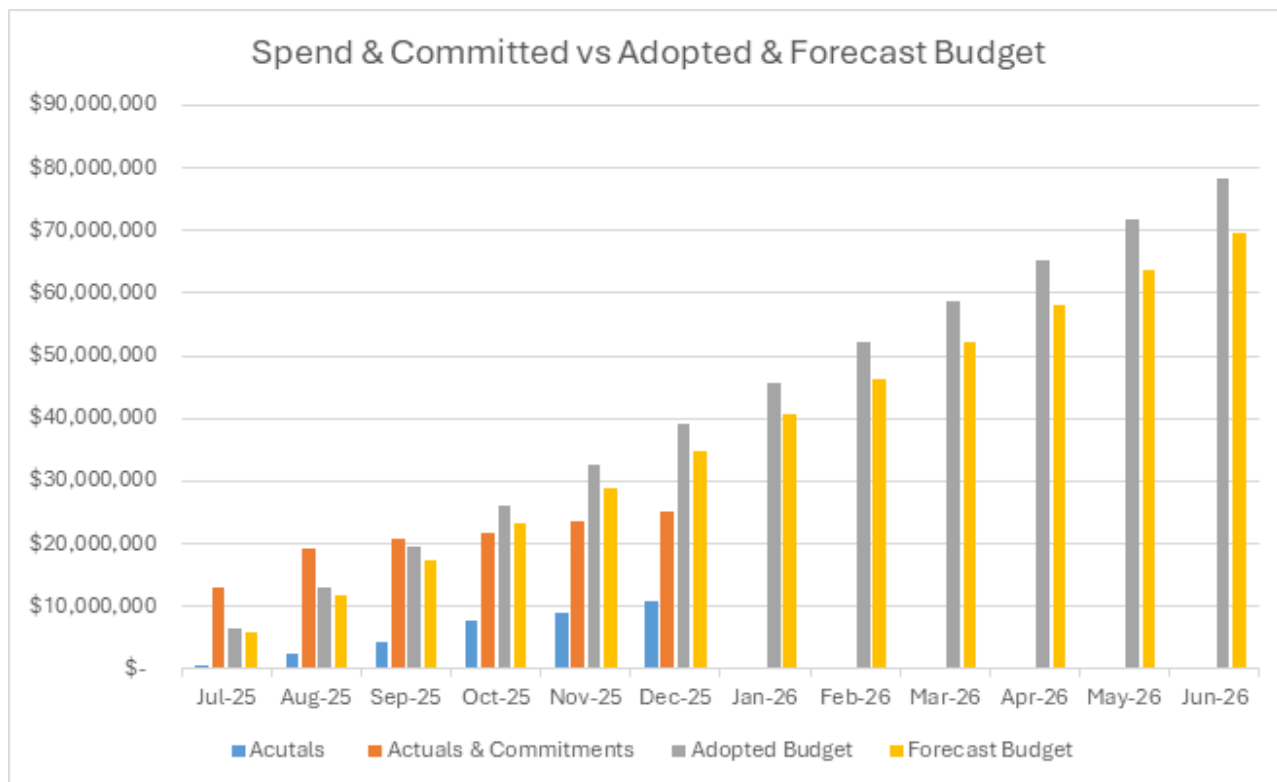
This financial year, changes to the budget by 31 December 2025, have led to the following revised forecast budget:

	<b>25/26 Adopted Budget inc. carryovers</b>	<b>Revised 25/26 Budget</b>	<b>YTD Actual Expenditure</b>	<b>Commitments @ 31/12/2025</b>	<b>Percentage Complete*</b>	<b>No. of Projects</b>
<b>Capital Works Projects</b>	74,863,540	69,322,106	10,800,110	14,088,404	35.9%	172
<b>Landfill and Waste Projects</b>	6,488,019	288,019	94,124	202,446	98.9%	13
<b>Community Projects*</b>	4,673,640	7,517,524	3,290,448	3,140,628	88.9%	3
<b>Totals</b>	<b>86,025,199</b>	<b>77,127,649</b>	<b>14,184,682</b>	<b>17,431,478</b>	<b>41%</b>	<b>188</b>

## 1.5 Capital Works report by asset class as at 31 December 2025

	Year to date Actual	Full Year		
	\$'000	Adopted with actual carry forwards \$'000	Forecast Budget \$'000	Variance Adopted budget to Forecast budget \$'000
<b>Property</b>				
Land	79	387	387	-
<b>Total land</b>	<b>79</b>	<b>387</b>	<b>387</b>	<b>-</b>
Buildings	1,497	9,501	8,246	(1,255)
Heritage buildings	1	105	105	-
<b>Total buildings</b>	<b>1,498</b>	<b>9,606</b>	<b>8,351</b>	<b>(1,255)</b>
<b>Total property</b>	<b>1,577</b>	<b>9,993</b>	<b>8,738</b>	<b>(1,255)</b>
<b>Plant and equipment</b>				
Plant, machinery and equipment	1,881	5,390	5,390	-
Fixtures, fittings and furniture	17	50	50	-
Computers and telecommunications	356	5,586	2,402	(3,184)
Library books	112	209	209	-
<b>Total plant and equipment</b>	<b>2,366</b>	<b>11,235</b>	<b>8,051</b>	<b>(3,184)</b>
<b>Infrastructure</b>				
Roads	2,204	10,404	10,510	106
Bridges	62	250	250	-
Footpaths and cycleways	50	831	831	-
Drainage	525	4,729	3,976	(753)
Recreational, leisure and community facilities	516	8,719	7,791	(928)
Waste management	80	1,868	1,468	(400)
Parks, open space and streetscapes	3,265	13,707	13,597	(110)
Aerodromes	59	11,938	12,921	983
Off street car parks	27	362	362	-
Other infrastructure	69	827	827	-
<b>Total infrastructure</b>	<b>6,857</b>	<b>53,635</b>	<b>52,533</b>	<b>(1,102)</b>
<b>Total capital works expenditure</b>	<b>10,800</b>	<b>74,863</b>	<b>69,322</b>	<b>(5,541)</b>

The graph below shows the relationship between actual spend and committed spend on capital projects and landfill rehabilitation projects compared to the budgeted amounts over a set period.



At the end of quarter two, the program covered 188 separate projects of which 31 projects had been completed, 136 were in progress, 16 projects were yet to commence, and 5 projects had been withdrawn, transferred or are on hold.

It should be noted Council commenced the year with a budget of \$81.352 million. This includes Waste Rehabilitation and Aftercare non- capital projects (Major Projects) but excludes Community projects\*.

\*Community Projects include Sarsfield Recreation Reserve Upgrade, Buchan Recreation Reserve and The Old Slipway Seawall. These are projects that Council is managing and the assets are not Council assets.

## 1.5 Treasury

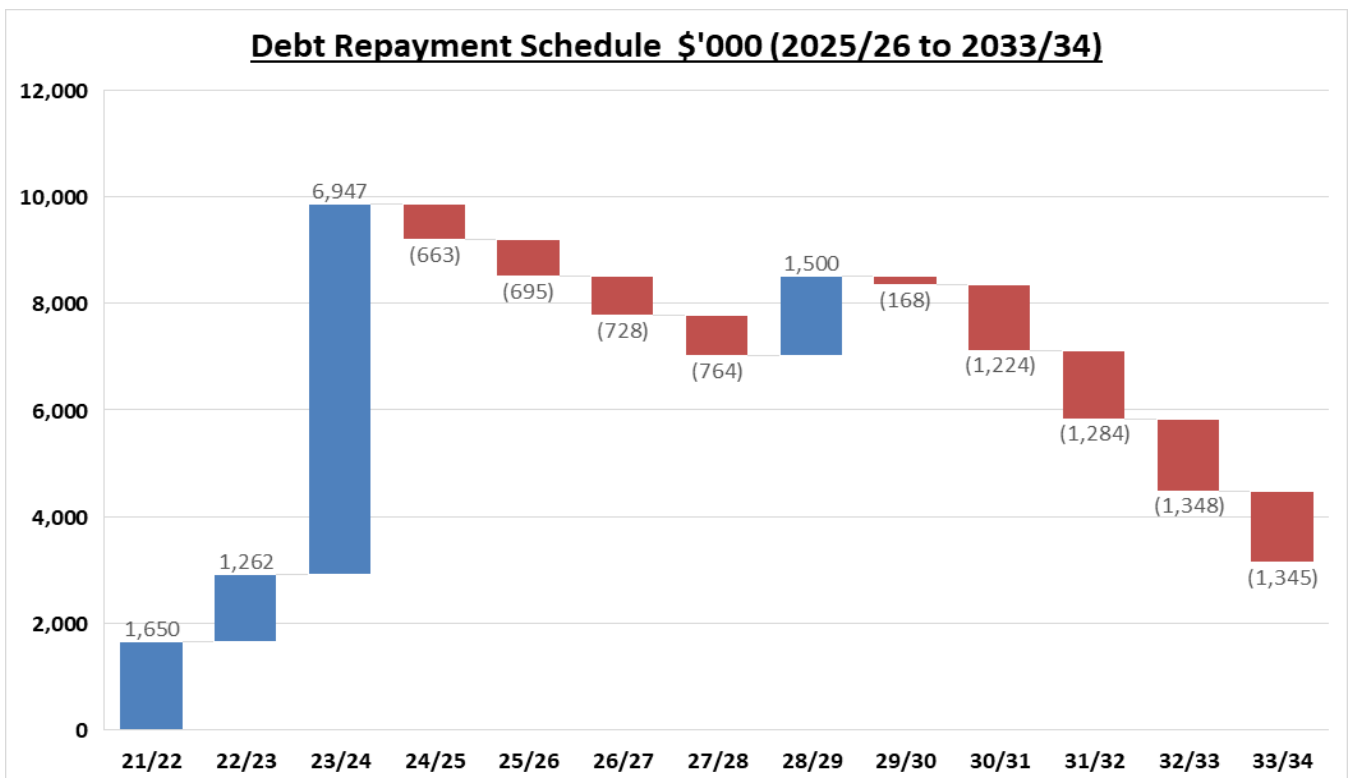
Council has paid \$0.171 million in scheduled principal debt repayments in the period 1 July 2025 to 31 December 2025.

The interest rates as at the end of September for each loan are as follows:

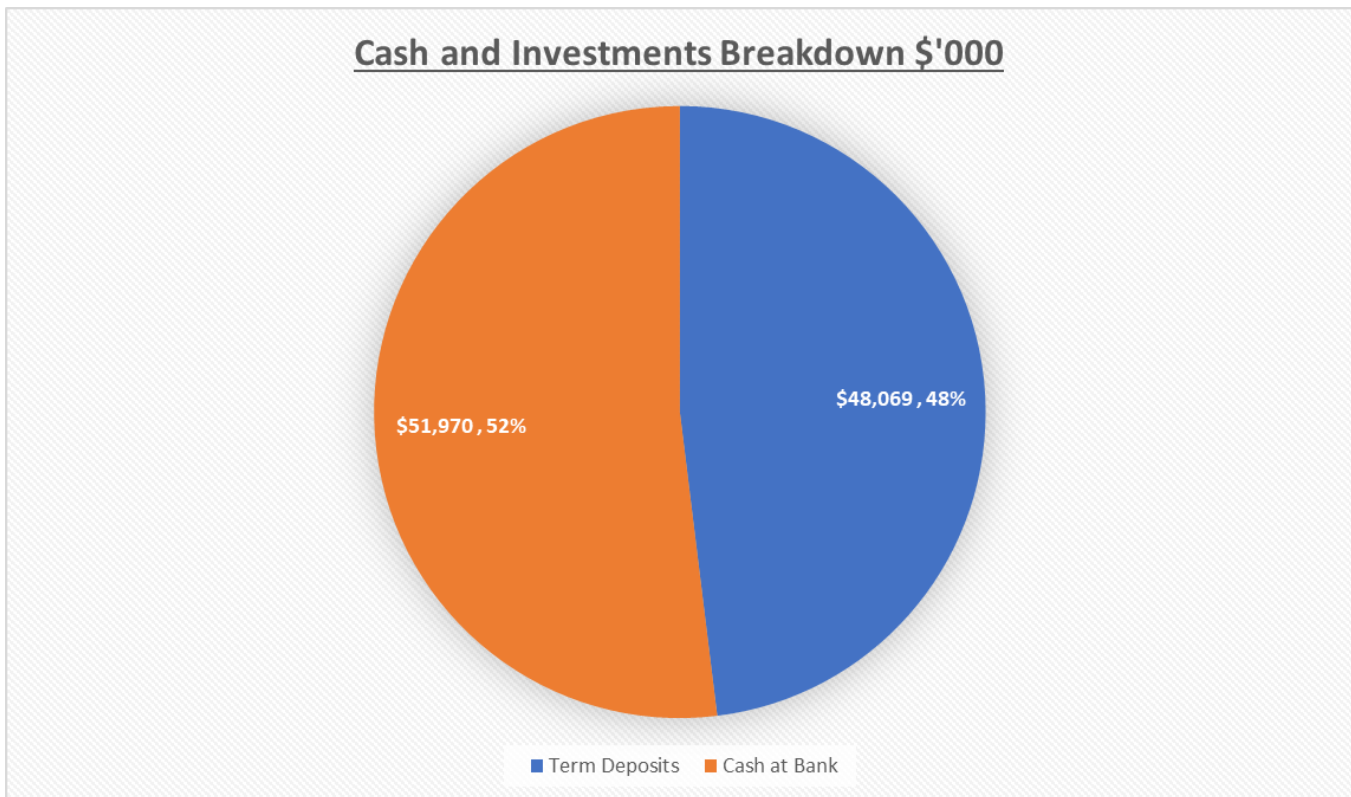
1. Tambo Bluff Special Charge Scheme – 8.66% (recovered from the scheme participants)
2. Community Infrastructure Low Interest Loans from Treasury Corporation of Victoria:
  - o WORLD Sporting Precinct – 4.83%
  - o Eagle Point Foreshore Hub – 4.625%

The full year debt repayments are on schedule, with a forecast end of year balance of \$8.501 million.

Loan Maturing	YTD December 2025				Full Year			
	Opening Balance \$'000	Principal Repaid \$'000	New Loans \$'000	Closing Balance \$'000	Opening Balance \$'000	Repayments \$'000	New Loans \$'000	Closing Balance \$'000
Current Loans	695	(343)	0	352	695	33	0	728
Non-Current Loans	8,501		0	8,501	8,501	(728)	0	7,773
	<b>9,196</b>	<b>(343)</b>	<b>0</b>	<b>8,853</b>	<b>9,196</b>	<b>(695)</b>	<b>0</b>	<b>8,501</b>



Cash and investment holdings total \$100.040 million as of 31 December 2025, an increase of \$14,035 million from the 30 June 2025 balance of \$86.005 million. Council has \$48,069 million in term deposits as at 31 December 2025 earning an average interest rate of 4.45%.



## 1.6 Procurement

To meet the needs of the community and support Council's operational requirements, Council undertakes procurement processes (including tenders) and awards contracts for infrastructure works, goods and services.

As outlined in the Procurement Policy, Council formally recognises the significant role procurement plays in contributing to the economic prosperity of the Shire. Accordingly, local suppliers and service providers are encouraged to compete for opportunities to supply goods, services and works to Council.

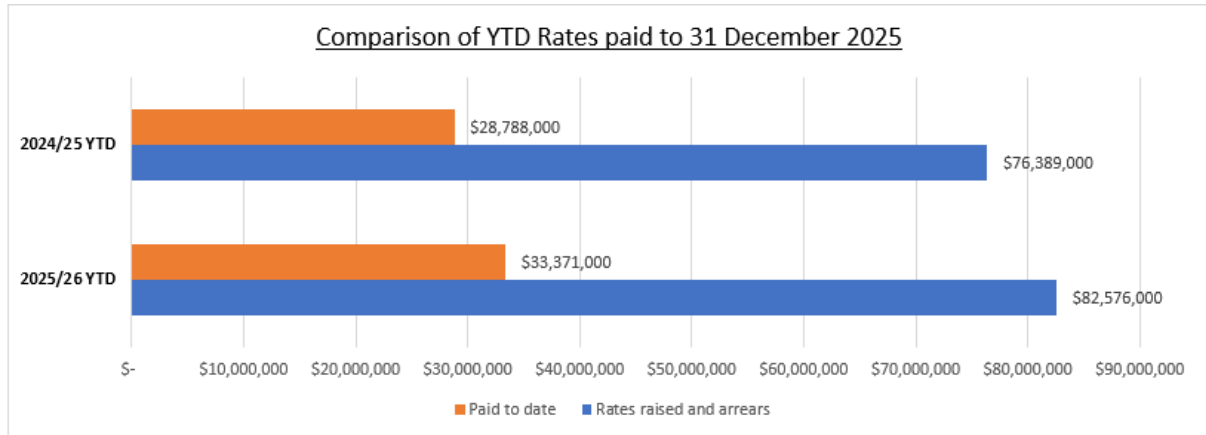
The following is a public summary of all contracts awarded to suppliers by Council or under delegation between 1 July 2025 – 31 December 2025:

Contract number	Contract name	Date of award	Supplier	Estimated contract value (ex GST)	Contract period	Supplier location
<b>CON2025 1730</b>	Fort King Road, Paynesville - Drainage Upgrades	11/07/2025	McInnes Earthmoving Pty Ltd	\$319,394.00	31 October 2025	Gippsland
<b>CON2025 1734</b>	Provision of Supply Services for Diesel Generators East Gippsland Shire Council	16/07/2025	SM & JR Pty Ltd trading as Riviera Pumps & Generators	\$173,000.00	31 November 2025	East Gippsland
<b>CON2025 1725</b>	Construction of Cormorant Grove Road, Metung	31/07/2025	Middleton Lee Pty Ltd trading as CAL CIVIL	\$132,520.00	16 weeks from possession of site	East Gippsland
<b>CON2025 1732</b>	Construction of Buchan-Orbost Road Landslip Repair	25/08/2025	Jarvis Norwood Constructions Pty Ltd	\$539,535.00	30 weeks	East Gippsland
<b>CON2026 1741</b>	Provision of Painting, Blasting, Scaffolding and Encapsulation Services for Raymond Island Ferry Slipping	16/09/2025	Strini Industries Pty Ltd ATF F & S Strini Family Trust	\$343,610.00	6 weeks	East Gippsland
<b>CON2026 1754</b>	Detailed Design for Public Drainage Assets	27/11/2025	JC Engineers Pty Ltd	\$136,027.00	12 Months	QLD
<b>CON2026 1753</b>	Bairnsdale Aquatic Recreation Centre Re-Roofing	15/12/2025	Frith's Plumbing and Construction Pty Ltd	\$271,541.38	6 weeks	East Gippsland

Contract number	Contract name	Date of award	Supplier	Estimated contract value (ex GST)	Contract period		Supplier location
CON2026 1750	Amenity Lawn Mowing and Maintenance Services	17/12/2025	Batt Brothers Pty Ltd	Schedule of Rates	3-year term	initial	East Gippsland
CON2026 1750	Amenity Lawn Mowing and Maintenance Services	17/12/2025	Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC)	Schedule of Rates	3-year term	initial	East Gippsland
CON2026 1750	Amenity Lawn Mowing and Maintenance Services	17/12/2025	JF Peterson Pty Ltd	Schedule of Rates	3-year term	initial	East Gippsland
CON2026 1750	Amenity Lawn Mowing and Maintenance Services	17/12/2025	Moogji Aboriginal Council East Gippsland Inc.	Schedule of Rates	3-year term	initial	East Gippsland
CON2026 1750	Amenity Lawn Mowing and Maintenance Services	17/12/2025	PB Kenny Holdings Pty Ltd trading as Gippsland Asset Management	Schedule of Rates	3-year term	initial	East Gippsland
CON2026 1750	Amenity Lawn Mowing and Maintenance Services	17/12/2025	The Trustee for The Heather Family Trust trading as Eastern Grounds & Garden Maintenance Services Pty Ltd	Schedule of Rates	3-year term	initial	East Gippsland
CON2026 1748	Old Slipway Seawall Storm Damage Repairs, Lakes Entrance	19/12/2025	Carter Marine Group Pty Ltd	\$612,074.87	20 weeks		East Gippsland
CON2026 1751	Spillway and Bridge Replacement at Livingstone Park, Omeo	19/12/2025	Jarvis Norwood Constructions Pty Ltd	\$585,180.00	12 weeks		East Gippsland

## 1.7 Rates Performance

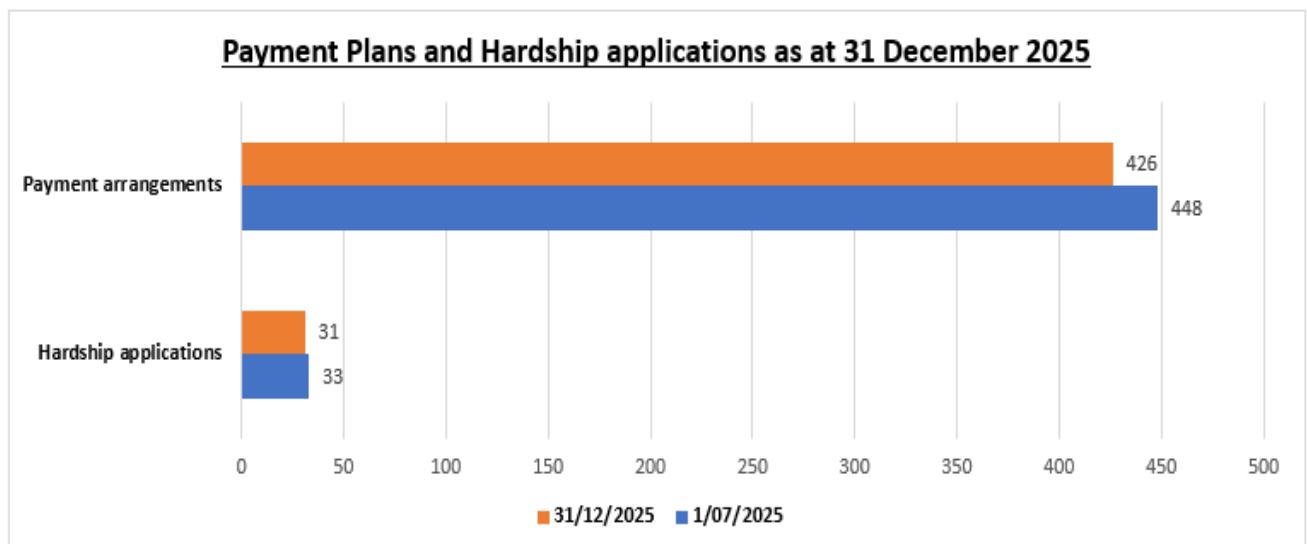
As at 31 December 2025, 40.4% of rates have been received, which is 1% higher than the same point in the previous financial year, indicating a modest improvement in collection performance.



Final rates are due on 15 February with the rates team working hard on early engagement and follow up where they can, including reminders of overdue rates to support people to reach out to us and get help if they need.

The Rates Roadshow will happen again after the final notices are issued in February will the team attending various communities across March and April. The roadshow allows community to connect with our team for support in understanding and paying rates.

Council has proactively encouraged ratepayers having trouble in paying their rates to enter into flexible payment arrangements, enabling smaller instalments to be made over an extended period without incurring interest. The Rates team continues to work closely with residents to tailor payment options to individual circumstances and budgets, providing ongoing support while fostering trust, transparency, and positive relationships between Council and the community.



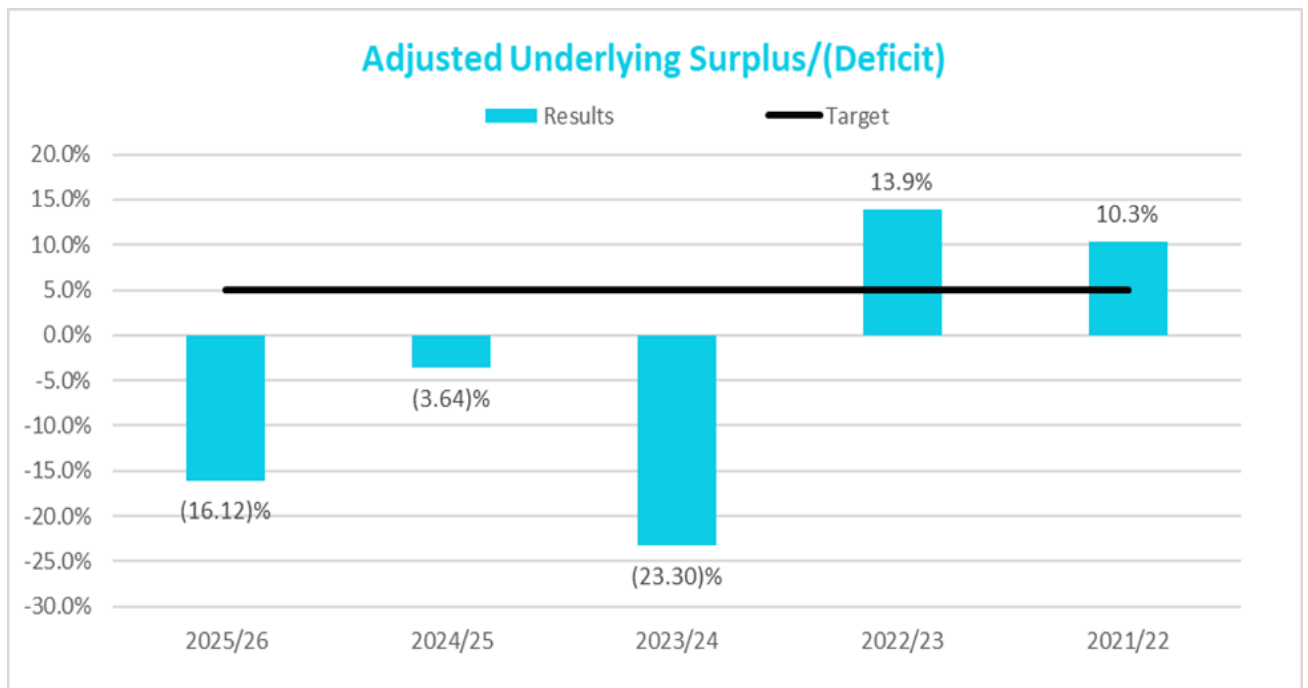
## 2. Year to Date Financial Analysis

### 2.1 Financial Ratios

#### Adjusted underlying surplus/(deficit)

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

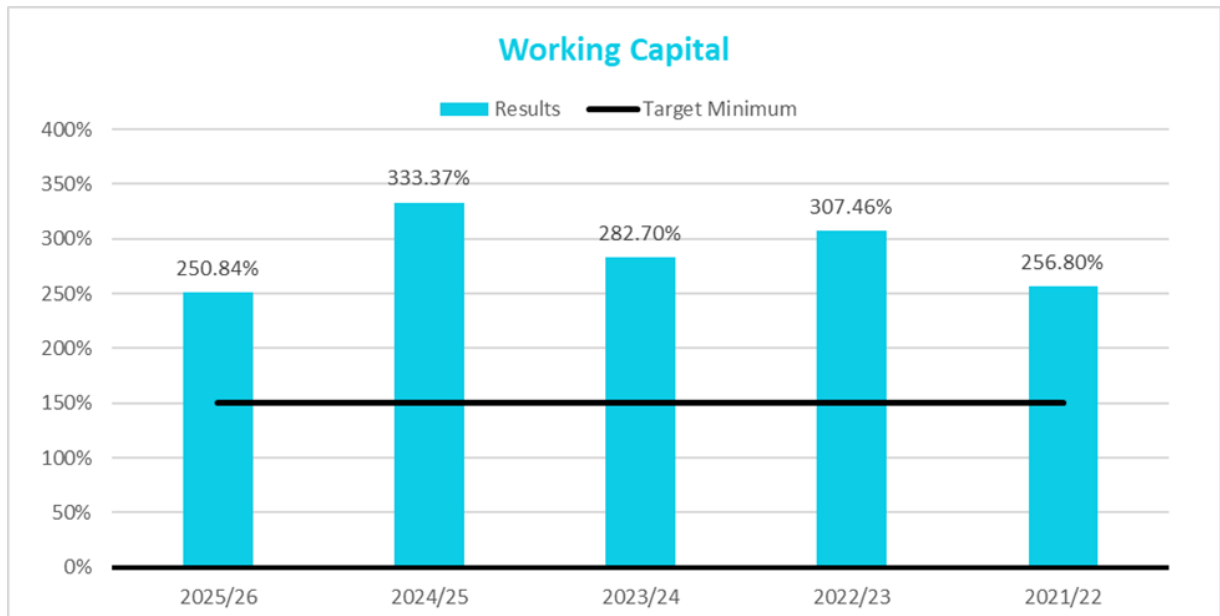
The adjusted underlying result for 2025/26 is forecast to be a deficit of 16.12%. This is due to the early payment of 50 % of the Financial Assistance Grants (\$10.695 million) received in 2024/25 and \$6.6 million of carried forward grants.



## Liquidity

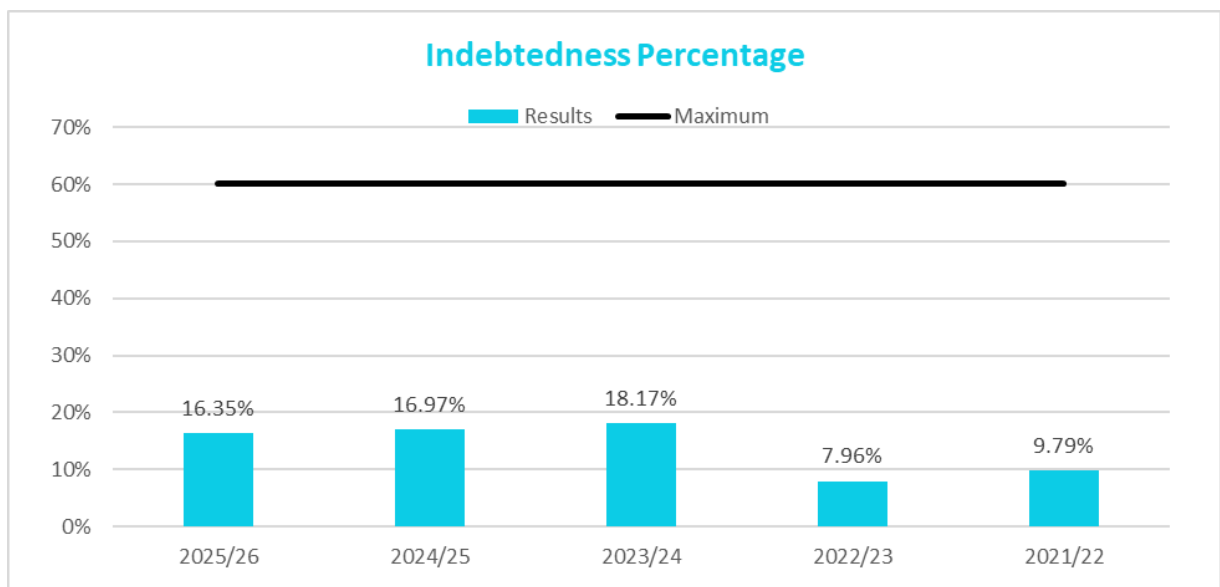
The Working Capital Ratio, which assesses Council's ability to meet current commitments, is calculated by measuring Council's current assets as a percentage of current liabilities.

The forecast Working Capital Ratio at 31 December 2025 is 250.84% against a target of 150%. This indicates that Council's ability to pay for current liabilities is strong.



## Obligations

The Indebtedness Ratio Percentage Measures Council's level of long-term liabilities is appropriate to the size and nature of the organisation. This measures non-current liabilities against Council's own source revenue. It is forecast to be 16.35% against a target of less than 60% at 31 December 2025.



## Asset Renewal

The Capital Replacement Ratio/Renewal Percentage compares the rate of renewal expenditure for infrastructure, property, plant and equipment with its depreciations. Ratios greater than 100% indicate that Council is renewing these assets at a greater rate than they are depreciating. Council plans that the ratio sits at 100% or greater for each year.

Council aims to ensure that it can maintain its infrastructure assets at expected levels, while at the same time continuing to deliver the services needed by the community. The investment in asset renewal for the 2025/26 year is forecasted to be \$45.77 million.

The result is above the target due to the size of the program, which includes carry-forward funds from previous years as well as confirmed funding. This additional investment has contributed to surpassing the renewal target by increasing the total funds available towards asset renewal.

