



The inaugural Holi Festival of Colour held in March at the Nicholson Street Mall, Bairnsdale.

ORGANISATIONAL PERFORMANCE REPORT

July 2025 to March 2026

Contents

About this Report	1
Organisational Performance (Q3)	1
Community wellbeing and social responsibility	2
Prosperity	6
Making the most of what we've got	9
Managing Council well	14
1. Financial Report Overview and Progress	1
1.1 Income Statement at 31 March 2026.....	4
1.2 Balance Sheet 31 March 2026	10
1.3 Cashflow Statement for the Period 1 July 2025 to 31 March 2026	12
1.4 Capital Works Projects	13
1.5 Capital Works report by asset class as at 31 March 2026	16
1.5 Treasury	18
1.6 Procurement	20
1.7 Rates Performance	23
2. Year to Date Financial Analysis	24
2.1 Financial Ratios	24

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 *Section 97 of the Local Government Act 2020*.

Organisational Performance (Q3)

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

Fuel cost impacts

Across the last quarter we have been developing a fuel action plan to respond to increased fuel costs as a result of the ongoing conflict in the Middle East.

We are expecting to see further pressures on our budget in the last quarter of 25/26 attributable to direct fuel use and that passed on through contracts and suppliers based on the Road Transport Contractual Chain Order – Fuel Cost Recovery – 2026.

We are being proactive with our contractors and suppliers as well, recognising that most of our contractors are local businesses and the fuel increases are above what they could have reasonably been able to foresee. Our approach to managing these changes is now being taken up by the Municipal Association of Victoria and applied to the local government sector more broadly.

Actions taken to date:

To reduce direct fuel use we have:

- Modelled all direct fuel use across our fleet and done a sensitivity analysis as to cost increases, estimated to be a \$500k increase for the 25/26 financial year.
- Prioritising use of our electric vehicles for team members who drive long distances
- Car-pooling were possible
- Considering criticality of work programs to see if they can be deferred based on risk
- Relocating some team members so they need to drive less to complete day to day work
- Analysed budgets to find offsetting amounts to account for fuel increases.

We are still working through what the Road Transport Contractual Chain Order – Fuel Cost Recovery – 2026 means for us and our suppliers and are in the process of writing to all contractors to advise that the order is in force and we will then work through a process to review and verify claims. We are yet to quantify the financial impact of the order on our operations.

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.



In March we finalised our Homes for Everyone position paper – an important step in how we respond to housing challenges across East Gippsland.

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

- The Omeo District Place Plan advanced this quarter, with a first draft prepared to support deeper community and internal engagement. Ongoing consultation has been undertaken, including a joint place-planning roadshow across Benambra, Omeo, Swifts Creek and Ensay, ensuring early insights from local communities are reflected in the draft. In parallel, initial data collection and engagement activities have commenced for the Lindenow Place Plan, laying the groundwork for future community-led conversations and ensuring a consistent, place-based approach to planning across the shire.
- The East Gippsland Open Space Strategy was completed and adopted by Council at the December Council meeting, establishing a clear, long-term framework to guide the planning, provision and protection of open space across the shire. The strategy supports more equitable, connected and sustainable open spaces that meet community needs and respond to population change. Implementation is underway, with a number of actions already commenced, including the development of site-specific masterplans and work through the Public Amenity Service Review to improve the quality, accessibility and management of key open space and amenity assets.
- The Homes for Everyone Position Paper was finalised and adopted by Council this quarter, providing a clear and shared statement of Council's position on housing challenges across East Gippsland. The paper clarifies Council's role and sets out how Council will prioritise advocacy, partnerships and policy conversations to support improved housing affordability, availability and diversity. It establishes a consistent foundation to guide future engagement with government, the housing sector and community stakeholders.

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

- The Community Engagement Policy was adopted by Council on 17 February, providing a clear and consistent framework for how Council engages with the community. The policy sets out Council's commitment to meaningful, inclusive and transparent engagement, ensuring community voices are heard and considered in decision-making. It clarifies principles, responsibilities and expectations for engagement across the organisation, supporting more consistent practice and strengthening trust between Council and the community.
- In March, Council delivered IMMERSIVE, a month-long program at the Forge Theatre that opened the venue as a shared creative space for making, experimentation and connection. The program featured twelve events and activities, engaging a diverse mix of artists, performers, families and community members and showcasing the breadth of creativity across East Gippsland in an accessible and welcoming way. The quarter also included support for wider creative and cultural activity across the shire, including collaboration with the Wilderness Artists Collective at the Orbest Show and funding support for the Holi Festival in Bairnsdale. Through an investment of more than \$10,000, Council strengthened participation, visibility and connection across the region's creative and cultural communities.

Council Plan Measures

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
Quarterly	Community participation in council engagement opportunities.	Significant shire-wide engagement opportunities led to an increase in community participation, including 3,134 completed surveys on YourSay and 6,635 informed participants/interactions on YourSay. High survey participation was recorded for the Lakes Entrance Summer Carnival Application, Mallacoota Foreshore Holiday Park Master Plan, Raymond Island Ferry pass changes, Council Budget and the Public Toilet Review.	36,226	Increased participation year-on-year
	Number of visits to aquatic facilities per population.	Utilisation of Council's aquatic facilities continues to support community wellbeing. In Q3, attendance at the Bairnsdale Aquatic and Recreation Centre dipped temporarily due to planned roof works but remained above target. In contrast, our Lakes Entrance aquatic facility recorded increased utilisation, driven by growth in casual use, aquatic education enrolments and memberships. Overall, results highlight strong community demand and the importance of maintaining service continuity during infrastructure upgrades.	8.05	≥11 Visits
Annually	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

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
	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.



Work has progressed on the Mallacoota Foreshore Holiday Park Master Plan, which will guide the long-term use, management and improvement of the holiday park, balancing tourism, environmental values and community expectations

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

- Work has progressed on the Mallacoota Foreshore Holiday Park Master Plan, which will guide the long-term use, management and improvement of the holiday park, balancing tourism, environmental values and community expectations. This quarter, early community engagement was undertaken to inform the development of the master plan through a survey hosted on Council's Your Say platform. The survey has now closed, with a closing-the-loop summary of outcomes published on Your Say and shared with the Mallacoota stakeholder group. A consultant has since been appointed and, working in collaboration with Council, has developed a comprehensive engagement plan that provides multiple opportunities for ongoing community and stakeholder participation as the master plan is progressed.
- Council continued implementation of the Business and Industry Engagement Framework, progressing a tiered approach to support more targeted and coordinated business engagement. Key milestones included releasing a Request for Quotation for a customer engagement management system to strengthen recording and coordination of business interactions and releasing the first Economic Insights report to inform engagement priorities. Council also progressed capability development through the Business-Friendly Councils initiative and commenced qualitative market research to inform more strategic engagement with growth and investment-ready businesses.
- In collaboration with Destination Gippsland, the Wonders campaign achieved strong reach and engagement, reaching an estimated two million viewers and generating more than 170,000 interactions across campaign content. In parallel, a Council-wide photography project with Destination Gippsland and The View from Here has been completed and has entered the editing phase. The project will deliver a refreshed image library of approximately 200 high-resolution photographs and short-form videos to support future Council marketing, place promotion and communications activities.

Outcome – A well-functioning planning system that responds to our communities' needs

- Planning Scheme Amendment C159egip has been lodged with the Minister for Planning for a final decision. The amendment is designed to significantly improve the operation of the Erosion Management Overlay by providing clearer, risk-based controls and removing unnecessary regulatory burden. Once approved, the amendment will streamline planning requirements, reduce red tape for landowners and applicants, and improve consistency and transparency in permit decision-making. A Ministerial decision is anticipated before the end of the financial year.
- Amendment C172egip was gazetted this quarter, formally rezoning the Paynesville growth area and enabling land to transition to residential use. With the rezoning now in effect, engagement with affected landowners has progressed to support the preparation of Development Plans that will guide subdivision design, infrastructure requirements and staging. This work supports the timely and coordinated release of land for future housing development in Paynesville.
- Preparation for the introduction of MyLot was completed during the reporting period to 31 March 2026, with the tool going live shortly after quarter-end on 8 April 2026. MyLot provides customers with an accessible, online way to understand what planning controls apply to their property, whether a permit may be needed, and what information is required upfront. By giving people clearer answers earlier, MyLot makes it easier to navigate the planning process while also helping planning teams focus their time on more complex matters.

Council Plan Measures

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
Quarterly	Percentage of planning applications decided within the specified timeframe (60 days for regular permits and 10 days for VicSmart permits)	Year to date performance as at 31 March is 70.22%, exceeding the annual target of 55%(assessed within 60 days for regular permits and 10 days for VicSmart). This result indicates strong overall performance in determining planning applications within statutory timeframes and reflects Council's ongoing focus on timely and efficient decision-making.	70.22%	55% (assessed within 60 days for regular permits and 10 days for VicSmart)
Annually	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.



Progress continued on the Roadside Weeds and Pests Program during the quarter, with approximately 500 kilometres of roadside treated.

Outcome – Natural assets are well-managed and protected

- Community engagement was commenced in January 2026 to inform the development of a new Stormwater Management Plan. The plan will provide a coordinated framework to guide how Council plans, manages and prioritises stormwater across the municipality, including drainage infrastructure and asset management, flood risk and mitigation, environmental protection and water quality outcomes. Community feedback is being used to help identify local drainage issues, priority areas and desired outcomes, and will inform the draft plan as it is developed.
- During the quarter, Council continued to expand and strengthen community-led emergency planning across high-risk communities, including Aboriginal organisations and remote townships. Key Community Emergency Management Plans were finalised, followed by a shift toward implementation through preparedness workshops, plan activation and local testing of emergency facilities and readiness. Ongoing advocacy with Incident Control Centres and state and Commonwealth agencies progressed resourcing discussions, supporting sustainable, Aboriginal-led preparedness and resilience outcomes.
- Work has commenced on developing the East Gippsland Bushland Strategy, which will guide how Council protects and manages important bushland areas and biodiversity values on Council-managed land. As part of this work, two Environmental Management Plans will be prepared for priority bushland sites identified in the action plan. Community members and key stakeholders will be invited to take part in engagement activities in Q4, helping ensure the final strategy reflects local knowledge, values and shared stewardship of our natural environment.
- Progress continued on the Roadside Weeds and Pests Program during the quarter, with approximately 500 kilometres of roadside treated. The program is focused on preventing the spread of invasive weeds and pest animals along rural roadsides, helping protect native vegetation, agricultural land and environmental values, and reducing longer-term management risks. Works prioritised high-value vegetated roadsides where weed infestations remain at very low levels, allowing these areas to be proactively protected before issues escalate. Council continues to work closely with the community through direct communication and participation in local meetings and events, supporting shared stewardship of roadside environments and early identification of emerging issues.
- Council progressed Stage 2 of the Climate Risk Assessment during the quarter, building on the project logic, scope and methodology established in Stage 1. The Climate Risk Assessment is a structured process designed to help Council understand how climate change may affect Council-owned assets over time, identify which assets are most at risk, and provide an evidence base to inform future planning and investment decisions. During the quarter, consultants commenced work on data collection and validation, with activity centred on asset data across priority infrastructure classes, including buildings, bridges, boat ramps and foreshore assets. Additional asset classes were progressed where data quality permitted. In addition, the hazard, exposure and vulnerability framework was confirmed, including the use of multiple climate scenarios and the commencement of the integration of consistent State and national hazard datasets. A data and knowledge gap register was also established to document limitations and guide future improvements, helping ensure the assessment remains robust and fit-for-purpose as it progresses toward modelling and risk-scoring stages.

Outcome – Our cultural heritage is managed and preserved

- This quarter Council supported the delivery of a new community event that celebrates cultural diversity and brings people together in the heart of Bairnsdale. The inaugural Holi Festival of Colour, held in the Nicholson Street Mall Bairnsdale, showcased the traditional Hindu festival that marks the arrival of spring and symbolises joy, inclusion and the triumph of good over evil. The free, family-friendly event featured live music, cultural performances, food stalls and the traditional throwing of coloured powders, creating a vibrant and welcoming atmosphere for the whole community. An estimated 500 people attended the event, highlighting strong community interest and the role of inclusive cultural events in activating the CBD and strengthening community connection
- Progress continued on the Omeo Justice Precinct Masterplan during the quarter, with development of the draft Masterplan completed and presented to Council. This represents an important milestone and reflects collaboration across the organisation, including consideration of earlier feedback to strengthen the plan's strategic and operational foundations. Following Council consideration, the draft Masterplan will be shared with the community and key stakeholders to seek final input. This next phase of engagement will help ensure the Masterplan reflects local priorities, heritage values and future service needs prior to final endorsement. The project continues to meet funding requirements and milestones and remains on track, supporting long-term planning and positive outcomes for the Omeo Justice Precinct and the wider community.

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

- During the quarter, Council continued to strengthen its approach to asset planning, renewal and accessibility to support safe, fit-for-purpose community assets aligned with long-term needs. A new asset consideration framework has been developed to provide a consistent and transparent approach to identifying rationalisation opportunities based on asset use, condition and strategic alignment. The framework is being progressively applied across asset classes, with proposals relating to leased facilities currently being finalised. This work is supported by ongoing improvements to asset registers and condition reporting, which will inform future planning and business case development as resourcing allows.
- Progress has been made on the draft East Gippsland Aquatic Strategy with consultants engaged following a thorough tender process. The project has now entered the inception phase and will incorporate internal and community consultation to help inform the future provision, renewal and management of Council's aquatic facilities. In parallel, officers are developing new asset registers and detailed condition reports for the Bairnsdale Aquatic and Recreation Centre and the Orbost Outdoor Pool, including deeper reviews of air-handling and business management systems across indoor aquatic facilities at BARC and the Lakes Entrance Aquadome.
- This quarter also saw the completion of an independent site assessment of the Bairnsdale Outdoor Pool at 49 Turnbull Street, with findings presented to Councillors at a Briefing Session to support informed decision-making regarding the future of the site.

Council Plan Measures

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
Quarterly	Percentage of the Capital Program delivered by the end of the financial year	<p>In Q3, officers continued to work through the challenges reported in Q2, where external circumstances have slowed progress on several major projects, including the Bairnsdale Runway, road re-seal program and the WORLD Soccer Precinct.</p> <p>However key achievements included the completion of the BARC Complex re-roofing and the Buchan-Orbost Major Slip repair, improving asset resilience and safety. Additionally, the WORLD Soccer project and the Bairnsdale Airport Runway Extension progressed to the “soon to be awarded” stage with \$20 million in works expected to be awarded shortly.</p>	<p>44.0%</p> <p>(based on actual YTD expenditure against adopted budget 2025/26)</p>	≥ 70%
	Number of people utilising the Omeo Mountain Bike Trail	<p>Use of the Omeo Mountain Bike Trail continues to demonstrate the benefits of investing in and sustainably managing natural assets that support community wellbeing and regional activation. Trail use remains well above Q3 2025 levels, reflecting strong ongoing demand and the success of the asset in attracting visitors and supporting local economies.</p>	37,648	Increased utilisation compared to previous year
Half-Yearly	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%
Annually	Capital renewal programs driven by renewal modelling using updated condition data	Not yet reportable.	-	Baseline year

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
	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.



Between January and March, more than 650 community members shared their experiences and ideas to help shape our Public Amenities Service Review.

Outcome – Council operates transparently and effectively with public trust

- Work on our online information portal has moved into its final development stage, building on Council's approval of the overall concept and design. This phase is focused on carefully integrating data, strengthening governance arrangements and completing data quality checks, so the information shared with the community is accurate, reliable and easy to understand ahead of the planned mid-2026 launch. When live, the portal will make it easier for the community to access clear, timely information about Council activity, helping build trust and understanding. Testing with staff and community representatives will also take place to ensure the portal is practical, user-friendly and meets both operational and community expectations.
- During the quarter, Council invited the community to help shape the annual budget by sharing their priorities, ideas and feedback on services, infrastructure and funding choices. This engagement provided an important opportunity for residents to have their say on what matters most to them. Feedback received is being carefully considered as part of budget development, helping ensure financial decisions are informed by community priorities and aligned with Council's service planning and long-term objectives.
- Engagement and communications plans were developed for several major initiatives, outlining key messages, communication channels, timelines and consultation opportunities including Lakes Entrance Norther Growth Area drainage project, Lanes Road Lucknow drainage upgrade, West Bairnsdale Recreation Reserve Redevelopment and Raymond Island Ferry pass changes.

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

- Our new Organisational Plan has been finalised, setting a clear direction for how we work and what we focus on in the years ahead. The plan provides a practical framework to guide everyday decision-making, resource allocation and operational activity, helping ensure our work is aligned with the Council Plan and centred on delivering services that matter to the community. Developed alongside the four-year Workforce Plan, it brings people, resources and activities together in a coordinated way, giving staff a clear roadmap to build capability, support continuous improvement and achieve measurable outcomes.
- The new Service Delivery Framework was finalised this quarter, providing a clear and consistent approach to how Council plans, reviews and improves its services. The framework aligns with the Council Plan and Council's Service Review Policy and incorporates key recommendations from the Victorian Auditor-General's Office to strengthen accountability and financial management. By improving clarity around service levels and resourcing decisions, the framework supports better-informed decision-making and a more structured, transparent approach to service improvement over time.
- Progress continued on two key service reviews during the quarter, supported by valuable input from more than 650 community members who shared their experiences and ideas between January and March. This feedback is directly shaping the Public Amenities Service Review, which is focused on improving how public amenities, including toilets, are planned, provided and managed across the shire, with recommendations scheduled for completion in Q4. The Community Services Review also advanced, helping clarify Council's role, service mix and future priorities in responding to changing community needs. Completion of the current-state report will inform an internal future-state workshop and guide the development of practical, community-focused recommendations.

Council Plan Measures

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
Quarterly	Percentage of customer enquiries responded to within required timeframes	During Q3, the percentage of customer enquiries responded to within required timeframes remained consistently high, continuing to exceed the 95% target. While performance has been strong, teams continue to monitor response times and refine processes where possible to maintain timely and effective service delivery, ensuring customers consistently receive prompt and reliable support.	98.5%	≥ 95%
	Reduction in the number of customer complaints	During Q3, customer complaints remained low at 49, reflecting continued improvements in service delivery and responsiveness across Council. Recent complaints appear isolated rather than indicative of a trend, relating to non-response, missed bin collections, homelessness responses and communication about the Bairnsdale Outdoor Pool. Overall, the reduction in complaints is considered to reflect improved service delivery and responsiveness across Council.	134	Fewer complaints than previous year
	Increased effectiveness of Council engagement activities	Community engagement effectiveness strengthened this quarter, with 360 people participating in in-person activities across 40 opportunities, including for the West Bairnsdale Oval, Omeo District Place Plan, Stormwater Management Plan and the Creative Summit. The improvement in the result compared to Q2 (1,005) is the result of	4,466	Increased engagement participation compared to previous year

Reporting Frequency	Performance Measure	Comment / Status	YTD Result	Annual Target
		a high volume of high-interest projects which also have multiple in-person touch points.		
	Percentage of community engagement plans developed for Council projects	Engagement planning continued strongly this quarter, with four tailored plans developed for the Lakes Entrance Northern Growth Area drainage project (yet to be actioned), Lanes Road Lucknow drainage upgrade, West Bairnsdale Recreation Reserve Redevelopment and the Raymond Island Ferry pass changes.	100%	100%
	Efficiencies achieved from business service improvements	Targeted service improvements continue to strengthen Council's efficiency and governance capability. In Q3 FY25/26, optimisation of our customer request management system delivered time savings equivalent to 273 working hours. Further efficiencies were achieved through a new risk assessment tool and automation of service performance reporting through the development of a Power BI.	\$120,068	Increased Efficiency
Annually	Community satisfaction with consultation and engagement.	Not yet reportable.	-	≥ Large Rural Council average

FINANCIAL REPORT

July 2025 to March 2026

1. Financial Report Overview and Progress

Quarter Three - 1 July 2025 to 31 March 2026

The third quarter results to 31 March 2026 reflect Council's financial performance over the first nine months of the financial year, providing a clear indication of operational trends, budget alignment, and emerging variances ahead of year end. This period captures the cumulative impact of service delivery, capital program activity, grant funding timing, and cost pressures across the organisation. The year-to-date position highlights where performance is tracking in line with expectations and where adjustments are required, while also informing the full-year forecast and Council's assessment of its underlying financial sustainability.

Overall Financial Performance

Council recorded a Year-to-Date (YTD) Operating Surplus of \$9.307 million, which is \$0.949 million or 9.25% lower than the YTD Budget of \$10.256 million.

Year-to-Date Performance

Performance Measure	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Variance (%)
Operating Surplus (YTD)	9,307	10,256	(949)	(9.25%)

Full-Year Forecast Performance

Performance Measure	Adopted Budget (\$'000)	Forecast (\$'000)	Variance (\$'000)	Variance (%)
Operating Surplus (FY)	9,231	(10,854)	(20,085)	(217%)
Adjusted Underlying Result (FY)	(8,506)	(23,886)	(15,380)	(181%)

Year-to-Date (YTD) Performance

At 31 March 2026, total year-to-date expenditure is \$104.599 million, which is \$1.166 million (1.1%) above the YTD forecast of \$103.433 million. The variance reflects trends previously identified in Quarter Two, which have continued into Quarter Three.

The primary driver remains Employee Benefits, now \$1.761 million above budget (up from \$1.536 million at Q2). This increase continues to be influenced by:

- Grant-funded roles (\$0.561 million) that were not included in the adopted budget but are fully funded by external grants, meaning there is no net impact on Council's underlying position.
- Budget transfers (\$0.501 million) where work originally planned for consultants and contractors is being delivered by staff, shifting expenditure from Materials and Services to Employee Benefits.
- Higher casual and overtime staffing costs \$0.616 million, up from \$0.598 million in Q2, with the impact now flowing through to the YTD position despite the casual budget review undertaken.
- Lower capitalisation of staff time than budgeted, with a review underway to ensure employee costs are appropriately allocated to capital projects where applicable.

These pressures have been partially offset by favourable savings in Materials and Services, which are now \$1.177 million below budget (improving from \$0.662 million at Q2). This reflects the continued impact of staff undertaking work originally budgeted for contractors, along with some projects and service activities commencing later than anticipated.

Depreciation and Amortisation is \$0.140 million above budget, consistent with Q2 trends, due to the addition of new assets and updated asset condition assessments resulting in shorter useful lives and higher depreciation charges.

Other Expenses are now \$0.499 million above budget, increasing from Q2. This is primarily due to asset disposals where sale proceeds were lower than written down values, together with additional unplanned costs emerging during the quarter.

Despite these expenditure pressures, favourable income variances across rates, user charges, contributions, interest on investments, and other income lines have helped to offset some of the impact.

Overall, Council has recorded a YTD operating surplus of \$9.307 million, which is \$0.949 million (9.25%) below the forecast budget surplus of \$10.256 million. This result demonstrates that while cost pressures identified in Q2 have continued into Q3, they have been partly mitigated through savings in materials and services and stronger than expected income performance.

Full-Year Forecast

The full-year operating result is forecast to be a deficit of \$10.854 million, which is a \$20.085 million unfavourable variance compared to the adopted budget surplus of \$9.231 million.

This result is primarily driven by timing impacts, rather than deterioration in Council's underlying operational performance. In particular:

- \$10.695 million of 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. This impacts the operating grant income line.
- Approximately \$6.6 million of grant-funded works have been carried forward from the prior year and are being delivered this year, this increases the budgeted expenditure in 2025/26, however the income was received the previous year so there is a timing difference.

After adjusting for these timing impacts, the adjusted operating result is a surplus of \$6.339 million, which provides a more accurate reflection of Council's operational position for the year.

Description	Adopted Budget 25/26	Forecast 25/26	Adjusted Forecast	% Adjusted to Budget
Operating Result (\$m)	9.231	(10.854)	6.339	(31.3%)
Underlying Result (\$m)	(8.506)	(23.886)	(6.591)	(22.5%)

Key Drivers of Full-Year Revenue Variances

- Recurrent Operating Grants – \$10.593 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 – \$2.845 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 – \$6,563 million unfavourable
Reflects capital grant income linked to projects that will not be completed in the current financial year as these projects are now being carried forward into 2026/27, which means the associated grant revenue will also be recognised next year in line with project delivery. This timing impact is partially offset by a \$0.494 million favourable variance arising from an increase in Commonwealth funding for the Bairnsdale Airport Terminal (Air Ambulance Facility), which was not included in the adopted budget and supports delivery of that capital project.
- Interest on Investments – \$1.039 million favourable
Driven by stronger cash balances and higher interest rates than budgeted.
- Reimbursements and other contributions – \$1.633 million favourable
The favourable variance is largely attributable to natural disaster reimbursements, with approximately \$1.4 million received for eligible works completed in the prior financial year. These receipts were not included in the adopted budget and represent funding recovery for costs previously incurred.

Overall, while revenue is unfavourable against budget, this is overwhelmingly due to the FAG timing impact, partially offset by non-current operating grants income, user charges, and stronger interest on investments.

Key Drivers of Full-Year Expenditure Variances

- Employee Benefits – \$1.732 million unfavourable (3.99%)
This variance has progressively increased through the year as trends identified in Q1 and Q2 continued:
 - Grant-funded roles (\$0.561 million) not included in the adopted budget but fully externally funded.
 - Casual staffing costs (\$0.731 million) following a detailed review to maintain service delivery and meet industrial obligations.
 - Budget category movements (\$0.501 million) where internal staff completed work originally budgeted for contractors.
 - Lower vacancy rates (6% vs historical 11–16%) resulting in higher salary costs.
 - Lower than planned capitalisation of labour, currently under review.
- Materials and Services – \$5.563 million unfavourable
The majority of this relates to carry-forward grant-funded programs (about \$6.6 million) from 2024/25 that are being completed this year. These include bushfire and flood recovery initiatives, flood support programs, and other resilience and recovery projects. These are not new costs but the continuation of previously funded works.
- Depreciation and Amortisation – \$0.358 million unfavourable
Due to the timing of asset capitalisation and updated asset condition assessments resulting in shorter useful lives.

Understanding the Result

The forecast deficit does not indicate that Council is overspending its own funds. Instead, it reflects:

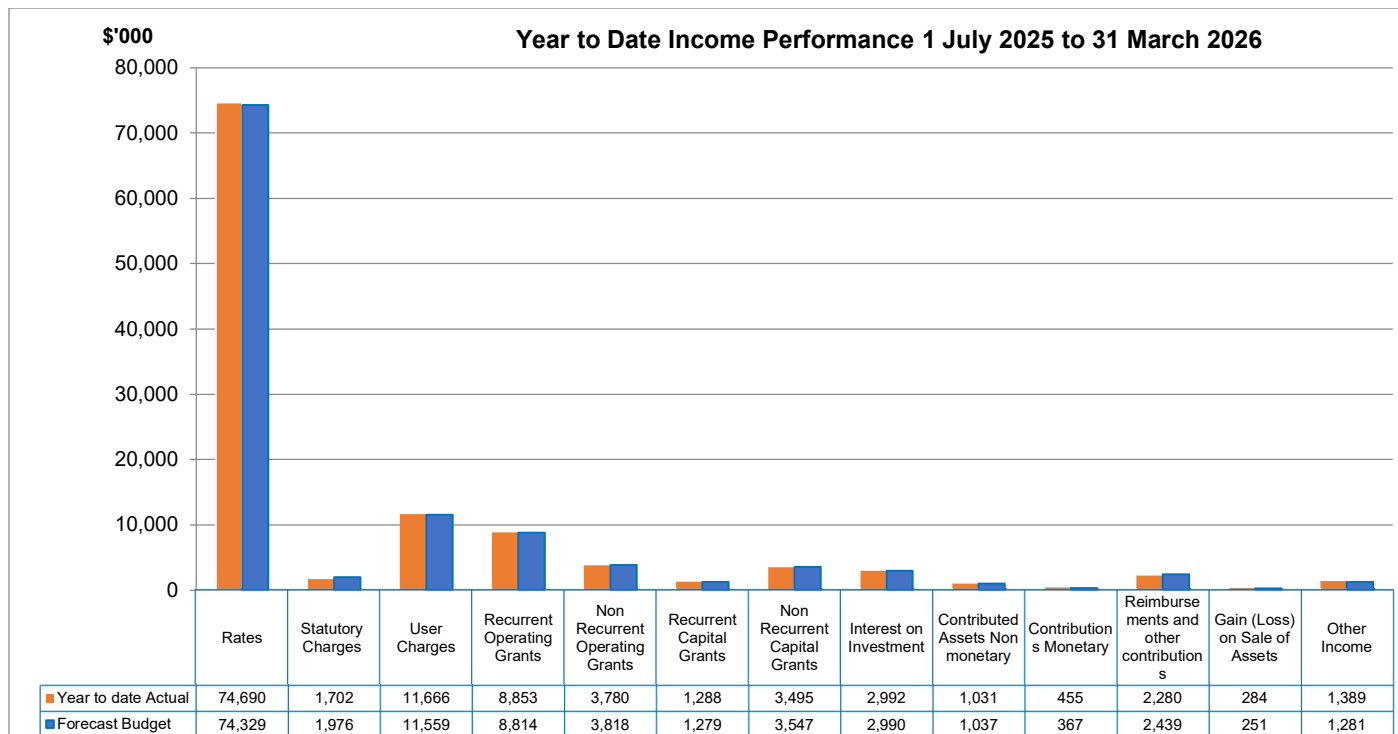
1. grant income recognised last year but expenditure occurring this year, and
2. completion of grant-funded projects carried forward from 2024/25.

When these timing and accounting impacts are removed, Council's adjusted position demonstrates that operational performance remains broadly aligned with budget expectations, with expenditure pressures largely explained by service delivery needs, externally funded programs, and workforce trends identified earlier in the year.

1.1 Income Statement at 31 March 2026

	Year to date Actual \$'000	Year-to-date	Variance Fav/ (Unfav) \$'000	Full Year		Variance Fav/ (Unfav) \$'000
		Forecast Budget \$'000		Adopted Budget \$'000	Forecast Budget \$'000	
Income						
Rates	74,690	74,329	361	74,425	74,425	0
Statutory Charges	1,702	1,976	(274)	2,693	2,693	0
User Charges	11,666	11,559	106	14,268	14,545	277
Recurrent Operating Grants	8,853	8,814	39	22,239	11,646	(10,593)
Non-Recurrent Operating Grants	3,780	3,818	(38)	1,734	4,579	2,845
Recurrent Capital Grants	1,288	1,279	9	5,215	3,815	(1,400)
Non-Recurrent Capital Grants	3,495	3,547	(53)	13,714	7,151	(6,563)
Interest on Investment	2,992	2,990	2	2,500	3,539	1,039
Contributed Assets Non-monetary	1,031	1,037	(5)	4,000	4,187	187
Contributions Monetary	455	367	88	430	573	142
Reimbursements and other contributions	2,280	2,439	(159)	1,227	2,860	1,633
Gain (Loss) on Sale of Assets	284	251	33	0	55	55
Other Income	1,389	1,281	108	1,637	1,662	25
Total Income	113,906	113,689	217	144,082	131,730	(12,352)
Expenses						
Employee Benefits	35,278	33,517	(1,761)	43,368	45,100	(1,732)
Materials and services	41,672	42,849	1,177	55,604	61,167	(5,563)
Depreciation and Amortisation	25,462	25,322	(140)	33,479	33,837	(358)
Bad and doubtful debts	(5)	0	5	23	23	0
Borrowing costs	226	277	52	370	370	0
Finance cost - leases	0	0	0	0	0	0
Other expenses	1,966	1,468	(499)	2,007	2,087	(80)
Total expenses	104,599	103,433	(1,166)	134,851	142,584	(7,733)
Operating Surplus/(Deficit)	9,307	10,256	(949)	9,231	(10,854)	(20,085)
Adjusted Underlying Surplus/ (Deficit)						
Non-Recurrent Capital Grants	(3,495)	(3,547)	53	(13,714)	(7,151)	6,563
Contributed Assets	(1,031)	(1,037)	5	(4,000)	(4,187)	(187)
Capital contributions and reimbursements	0	(6)	6	(23)	(1,694)	(1,671)
Adjusted Underlying Surplus/ (Deficit)	4,781	5,665	(885)	(8,506)	(23,886)	(15,380)

Year to Date Income Performance 1 July 2025 to 31 March 2026



Notes for Income Variances

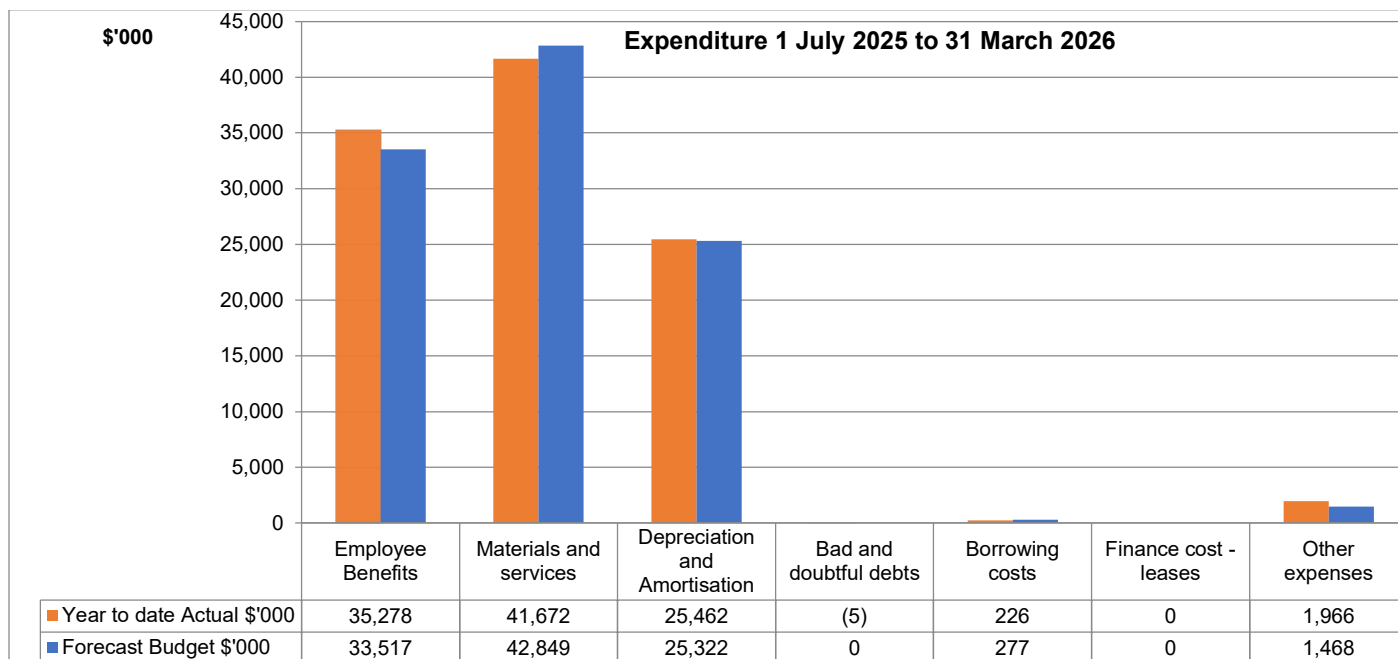
Variances Year to Date

Category	Variance Fav/(Unfav) \$'000	Commentary
Income		
Rates	361	Slightly higher than budget due to the timing of valuation objections that are yet to be finalised. Until these objections are resolved, the original higher valuations remain in place and continue to generate rates income. This favourable variance is expected to reduce once objections are determined and any required valuation adjustments are processed.
Statutory Charges	(274)	Lower than budget due to reduced subdivision fee income \$171,000 together with a timing delay in processing animal registrations \$130,000 that were budgeted for March but processed in April. The animal registration variance is timing-related and expected to correct in the next reporting period.

Variances Full Year

Category	Variance Fav/(Unfav) \$'000	Commentary
Income		
Recurrent Operating Grants	(10,593)	The forecast variance is attributable to the Financial Assistance Grant (FAG) being \$10.695 million lower than budgeted in 2025/26. This is because the grant was received in advance in June 2025 and recognised in the prior financial year. This is a timing difference only and does not impact the total funding Council receives across the two financial years.
Non-Recurrent Operating Grants	2,845	Reflects new operating grants approved during the year, together with a variation to the funding agreement for the Bastion Point Dredging project.
Recurrent Capital Grants	(1,400)	Reflects a lower forecast of grant income for the year, primarily due to revised timing and delivery of the Reseal Renewal Program and Stage 2 Omeo Upgrade, resulting in less capital grant revenue being recognised in 2025/26 than originally budgeted.
Non-Recurrent Capital Grants	(6,563)	Reflects capital grant income linked to projects that will not be completed in the current financial year. As these projects are now being carried forward into 2026/27, the associated grant revenue will also be recognised next year in line with project delivery. This timing impact is partially offset by a \$0.494 million favourable variance arising from an increase in Commonwealth funding for the Bairnsdale Airport Terminal (Air Ambulance Facility), which was not included in the adopted budget and supports delivery of that capital project.
Interest on Investment	1,039	Full Year Interest Income forecast increased in line with current interest rates.
Reimbursements and other contributions	1,633	The favourable variance is largely attributable to natural disaster reimbursements, with approximately \$1.4 million received for eligible works completed in the prior financial year. These receipts were not included in the adopted budget and represent funding recovery for costs previously incurred.

Expenditure 1 July 2025 to 31 March 2026



Notes for Expense Variances

Variances Year to Date

Category	Variance Fav/(Unfav) \$'000	Commentary
Expenditure		
Employee Benefits	(1,761)	<p>The variance is a result of:</p> <ul style="list-style-type: none"> • \$561K in grant-funded roles that were not included in the adopted budget. These positions are fully funded by external grants and do not place additional pressure on Council's underlying budget. • \$501K in budget transfers from Materials and Services to Employee Benefits, where work originally planned for consultants and contractors has been delivered internally by staff. • Higher casual and overtime staffing costs \$0.616 million, up from \$0.598 million in Q2, with the impact now flowing through to the YTD position despite the casual budget review undertaken. • Lower than expected vacancy rates, with vacancies tracking around 6% compared to historical levels of 11–16%, resulting in higher salary costs than budgeted. • Lower than anticipated allocation of staff costs to capital projects, particularly where staff are working on projects relating to non-Council owned assets, limiting the ability to capitalise labour costs as originally budgeted.
Materials and services	1,177	The favourable variance is primarily due to the timing of works and service delivery occurring later than originally forecast. This is also influenced by budget transfers to Employee Benefits, where work initially planned to be undertaken by consultants or contractors has instead been delivered internally by staff, resulting in expenditure shifting from Materials and Services to Employee Costs.
Depreciation and Amortisation	(140)	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	(499)	Mainly a result of Asset Disposal during the year.

Variations Full Year

Category	Variance Fav/(Unfav) \$'000	Commentary
Expenditure		
Employee Benefits	(1,732)	<p>The variance is a result of:</p> <ul style="list-style-type: none"> • \$561K in grant-funded roles that were not included in the adopted budget. These positions are fully funded by external grants and do not place additional pressure on Council's underlying budget. • \$501K in budget transfers from Materials and Services to Employee Benefits, where work originally planned for consultants and contractors has been delivered internally by staff. • \$731K increase in casual wages, following a detailed budget review completed in Q2 to ensure adequate resourcing to maintain service delivery for the remainder of 2025/26. • Lower than expected vacancy rates, with vacancies tracking around 6% compared to historical levels of 11–16%, resulting in higher salary costs than budgeted. • Lower than anticipated allocation of staff costs to capital projects, particularly where staff are working on projects relating to non-Council owned assets, limiting the ability to capitalise labour costs as originally budgeted.
Materials and services	(5,563)	<p>The variance is mainly a result of \$6.60 million of carried forward work that we received grants for in previous financial years but are still completing the work.</p> <p>The main areas of carry forward are:</p> <ul style="list-style-type: none"> • \$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 \$1.61 million.
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.
Results		
Operating Surplus/(Deficit)	(20,085)	The YTD operating deficit is primarily attributable to the timing impact of recurrent operating grants that were received in advance in the prior period. As a result, current year grant revenue is lower than budgeted for this period, creating a temporary shortfall that is timing-related rather than reflective of underlying operational performance.
Adjusted Underlying Surplus/(Deficit)	(15,380)	This result reflects the underlying operational position after removing the impact of non-recurring, capital, and one-off items. The deficit indicates a modest shortfall in core operating performance for the year to date, driven by recurrent revenue and expenditure timing differences rather than structural budget issues.

1.2 Balance Sheet 31 March 2026

Prior Year Actual (\$'000)		Year to date Actual (\$'000)	Full Year		
			Adopted Budget (\$'000)	Forecast (\$'000)	Variance (\$'000)
Current assets					
86,005	Cash and investments	113,084	59,153	55,705	(3,448)
10,417	Receivables	23,447	10,276	10,276	0
37,159	Other financial assets	0	732	732	0
5,075	Other Current Assets	1,416	3,925	3,925	0
138,656	Total Current Assets	137,947	74,086	70,638	(3,448)
Non-current assets					
1,375,817	Property, Infrastructure & Equipment	1,368,756	1,421,104	1,421,104	0
13,030	Investment Properties	13,030	10,787	13,030	2,243
465	Right of Use Assets	437	504	376	(128)
1,959	Intangible Assets	1,266	6,942	1,044	(5,898)
10	Other financial assets	0	10	10	0
99	Receivables	58	124	124	0
1,391,380	Total Non- Current Assets	1,383,545	1,439,471	1,435,688	(3,783)
1,530,036	Total assets	1,521,493	1,513,557	1,506,326	(7,231)
Current liabilities					
16,105	Payables	10	10,865	10,866	1
3,821	Trust Funds and Other Deposits	6,457	4,137	4,137	0
7,204	Contract and other liabilities	4,040	5,958	5,958	0
13,743	Current Provisions	13,237	8,216	8,175	(41)
24	Lease Liabilities	24	79	79	0
695	Interest Bearing Liabilities	177	728	728	0
41,592	Total Current Liabilities	23,945	29,983	29,943	(40)
Non-current liabilities					
8,067	Non - Current Provisions	7,865	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
17,380	Total Non - Current Liabilities	17,177	16,172	16,172	0
58,972	Total liabilities	41,121	46,155	46,115	(40)
1,471,064	Net assets	1,480,371	1,467,402	1,460,211	(7,191)
Equity					
937,638	Reserves	937,639	937,778	937,778	0
533,426	Total Retained Earnings	542,733	529,624	522,433	(7,191)
1,471,064	Total Equity	1,480,372	1,467,402	1,460,211	(7,191)
	Net Surplus for year	9,307	9,231	(10,854)	(20,085)

Notes for Balance Sheet Variances

Variances - Full Year

Category	Variance Fav/(Unfav) \$'000	Commentary
Cash and investments	(3,448)	Unfavourable variance is partly due to increase in forecast payments to suppliers.
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.
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	(7,191)	Total retained earnings for the quarter are below planned results. This variance is largely attributable to balance sheet movements rather than operational performance, with adjustments observed in Assets Held for Investment and Intangible Assets arising from asset reclassifications. These accounting reclassifications have impacted the reported position without materially affecting the underlying financial sustainability of the organisation.

1.3 Cashflow Statement for the Period 1 July 2025 to 31 March 2026

	Year-to-date	Adopted Budget (\$'000)	Full Year	Variance (\$'000)
	Actual (\$'000)		Forecast Budget (\$'000)	
<i>Cashflows from Operating Activities</i>				
Ratepayer receipts	62,544	76,271	74,389	(1,882)
Statutory fees and fines	1,653	2,693	2,670	(23)
User fees	13,258	13,742	11,032	(2,710)
Operating Grants	12,250	23,973	14,607	(9,366)
Capital Grants	2,269	18,929	14,339	(4,590)
Contributions	455	430	573	143
Interest Received	3,363	2,500	3,504	1,004
Trust funds and deposits taken	2,636	8,650	8,816	166
Other Receipts and reimbursements	3,763	2,863	4,522	1,659
Net GST refund/payment	(895)	0	0	0
Payments to Employees	(35,784)	(42,833)	(46,091)	(3,258)
Payments to Suppliers	(56,321)	(61,245)	(71,896)	(10,651)
Trust funds and deposits repaid	0	(8,650)	(8,500)	150
Other Payments	(2,163)	(2,009)	(2,087)	(78)
Net cash provided by (used in) operating activities	7,026	35,314	5,875	(29,439)
<i>Cashflows from Investing Activities</i>				
Payments for Property/ Plant	(18,511)	(71,711)	(73,238)	(1,527)
Proceeds from Investments	37,150	0	37,159	37,159
Proceeds from sale of assets	2,165	725	860	135
Net cash provided by (used in) investing activities	20,803	(70,986)	(35,219)	35,767
<i>Cashflows from Financing Activities</i>				
Finance costs	(226)	(369)	(370)	(1)
Loan Principal Repayments	(518)	(695)	(696)	(1)
New Loans	0	0	0	0
Interest paid-lease liability	0	(1)	0	1
Repayment of lease liabilities	(16)	0	109	109
Net cash provided by (used in) investing activities	(760)	(1,065)	(957)	108
Net Increase / (Decrease) in Cash	27,070	(36,737)	(30,300)	6,437
Cash At Beginning of Period/Year	86,005	95,890	86,005	(9,885)
Cash at End of Period/Year	113,075	59,153	55,705	(3,448)

1.4 Capital Works Projects

Capital Works

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 third quarter the forecasted budget was decreased by \$31.867 million, reducing the revised budget to \$42.996 million.

By the end of the period Capital Works projects expenditure and commitments reached \$30.805 million, accounting for 71.65% of the total revised budget.

Major Projects (Non-Capital)

Landfill Rehabilitation Projects

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 expenditure items. After final adjustments for carry forwards, the total budget was increased by \$0.003 million, resulting in an initial budget \$6.488 million. At the end of the third quarter, the forecasted budget decreased by \$6.2 million, reducing the revised budget to \$0.288 million.

By the end of the period Landfill Rehabilitation Works expenditure and commitments reached \$0.275 million, accounting for 95.40% of the total revised budget.

Community Projects

The 2025/26 adopted budget for Community projects totalled \$4.67 million. After final adjustments for carry forwards, the total budget was increased by \$2.85 million, resulting in an initial budget \$7.5 million. At the end of the third quarter, the forecasted budget decreased by \$0.39 million, reducing the revised budget to \$7.12 million.

By the end of the period Community Projects expenditure and commitments reached \$7.12 million, accounting for 99.97% of the total revised budget.

Carry Forwards

The full year budget has been reduced by \$38.067 million across the Capital Works programs due to revised project delivery timeframes and the re-phasing of expenditure into the 2026/27 financial year.

Capital Works

The Capital Works full year budget has been reduced by \$31.437 million following project re-phasing and prioritisation in response to delivery schedules, contractor availability, community priorities and market conditions, particularly increases in fuel costs. As a result, several projects will extend into the 2026/27 financial year. In Quarter 3, carry forwards totalling \$25.832 million across 36 projects were identified within the Capital Works program.

Year-to-date, Capital Works carry forwards total \$31.437 million, reflecting the cumulative impact of project timing changes identified throughout the financial year.

A few of the Capital Works projects requiring a carry forward are mentioned below.:

- Apron and Taxiway C, Bairnsdale Airport – \$4.0 million
- Bairnsdale Runway 04/22 Extension and Lighting Upgrade – \$6.2 million
- Digital Services Program – \$2.0 million
- Gippsland Lakes Community Hub – \$2.5 million
- Roads Resealing Program – \$1.0 million
- World Sporting Precinct – \$5.2 million

Landfill Rehabilitation Projects

The Landfill Rehabilitation program full year budget has been reduced by \$6.2 million in relation to three EPA-required projects that remain in the budget but do not require completion within the current financial year. No Quarter 3 carry forwards were identified for this program.

Community Projects

\$0.3 million of community projects were carried forward to the 2026/27 financial year.

Capital Works Program Summary as at 31 March 2026

This financial year, changes to the budget by 31 March 2026, have led to the following revised forecast budget:

	25/26 Adopted Budget inc. carryovers	Revised 25/26 Budget	YTD Actual Expenditure	Commitments @ 31/03/2026	Percentage Complete*	No. of Projects
Capital Works Projects	74,863,540	42,996,523	17,391,769	13,413,643	71.65%	185
Landfill and Waste Projects	6,488,019	288,019	201,726	73,046	95.40%	13
Community Projects**	4,673,640	7,129,299	4,958,815	2,168,304	99.97%	3
Totals	86,025,199	50,413,841	22,552,310	15,654,993	75.64%	201

Note - Figures do not include the Capital Works Holding Account funds

*Percentage Complete is total spent and committed in respect to the revised budget.

**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.

Revised Forecast Update:

By the end of the reporting period, expenditure and commitments across the revised capital program totalled \$38.200 million against a total revised budget of \$50.41 million. The revised budget comprised \$42.99 million for Capital Works projects, \$0.288 million for Landfill Rehabilitation Works and \$7.12 million for Community Projects.

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 a closing balance of \$673,333 as at 31 March 2026.

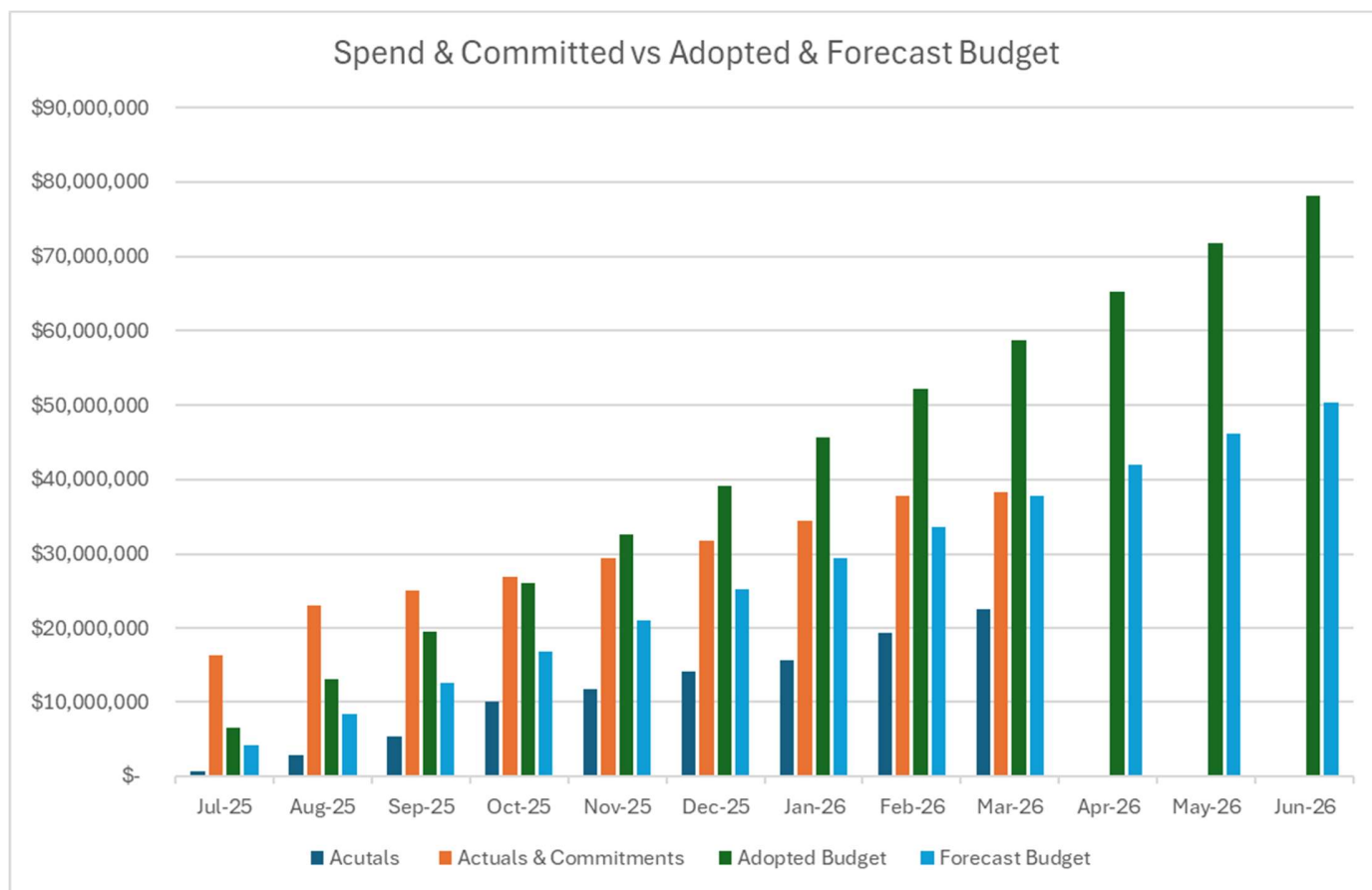
Project Name	Status	To Holding account	From Holding account
Bastion Point Geotactile Groyne Wall	Complete	-\$353,697	
Building Renewal (160,000) To cover half cost of BARC Roof	Transferred	-\$160,000	
BARC Roof	New		\$320,000
West Bairnsdale Oval Lighting	New		\$20,000

Project Name	Status	To Holding account	From Holding account
Lucknow Recreation Reserve and Surrounds improvement works	Complete	-\$10,227	\$10,000
Swift creek	Operating transfers		\$10,000
Bairnsdale City Oval Netball Court Lighting Upgrade	Grant funding rejected	-\$150,000	
Bairnsdale Airport – Minor Drainage Upgrade	Additional Funds		\$29,300
Lindenow Bowling Green Upgrade	New		\$50,000
Elwyn Street, Kalimna Erosion	New		\$75,000
Toonalook Waters Revegetation Plan	Withdrawn	-\$110,219	
New Hangars at Bairnsdale Airport	Withdrawn	-\$100,000	
Raymond Island Township Road & Drainage	Additional funds		\$31,000
EV Charging Infrastructure	Additional funds		\$76,000
Lakes Entrance Service Centre – Courtyard Upgrade	Additional funds		\$31,000
Admirals Quay, Paynesville Drainage	Additional funds		\$15,000
Completed capitalised projects (no budget in 2025/26)	Operating transfers		\$15,827
Digital trunk radios	New		\$100,000
AJ Freeman Reserve Toilet Decommission, Paynesville	Complete	-\$10,842	
Lochiel Park Netball Court Renewal	New		\$45,944
Lindenow Netball Court Renewal	New		\$40,000
Gilsenan Reserve Toilet Replacement	Additional funds		\$100,000
Lindenow Sports Ground - Fire Services	Complete	-\$54,260	
Omeo Mountain Bike Access Tracks	Withdrawn	-\$300,000	
Carpark Extension - Slip Bight Marina	Additional Funds		\$76,842
Forward Design Seawalls Shire wide	Withdrawn	-\$150,000	
Seawall Renewal Program	Withdrawn	-\$320,000	
Totals		-\$1,719,245	\$1,045,913
Surplus			\$673,333

1.5 Capital Works report by asset class as at 31 March 2026

	Year to date Actual	Adopted with actual carry forwards	Full Year Forecast Budget	Variance Adopted budget to Forecast budget
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Property				
Land	126	387	387	-
Total land	126	387	387	-
Buildings	2,328	9,501	3,638	(5,863)
Heritage buildings	9	105	105	-
Total buildings	2,337	9,606	3,743	(5,863)
Total property	2,463	9,993	4,130	(5,863)
Plant and equipment				
Plant, machinery and equipment	3,049	5,390	5,390	-
Fixtures, fittings and furniture	56	50	70	20
Computers and telecommunications	704	5,586	1,443	(4,143)
Library books	146	209	209	-
Total plant and equipment	3,955	11,235	7,112	(4,123)
Infrastructure				
Roads	3,328	10,404	8,744	(1,660)
Bridges	77	250	250	-
Footpaths and cycleways	171	831	533	(298)
Drainage	1,036	4,729	3,101	(1,628)
Recreational, leisure and community facilities	836	8,719	1,471	(7,248)
Waste management	254	1,868	2,069	201
Parks, open space and streetscapes	4,811	13,707	12,572	(1,135)
Aerodromes	186	11,938	2,501	(9,437)
Off street car parks	40	362	83	(279)
Other infrastructure	235	827	431	(396)
Total infrastructure	10,974	53,635	31,755	(21,880)
Total capital works expenditure	17,392	74,863	42,997	(31,866)

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 three, the program covered 3 community projects and 198 separate projects of which 58 projects had been completed, 120 were in progress, eight projects were yet to commence, and 12 projects had been withdrawn, transferred or are on hold. Note – the capital program was refined this quarter, with the Road Program split into individual road projects, resulting in 13 additional projects being recorded compared to Q2.

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*.

*Note - 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

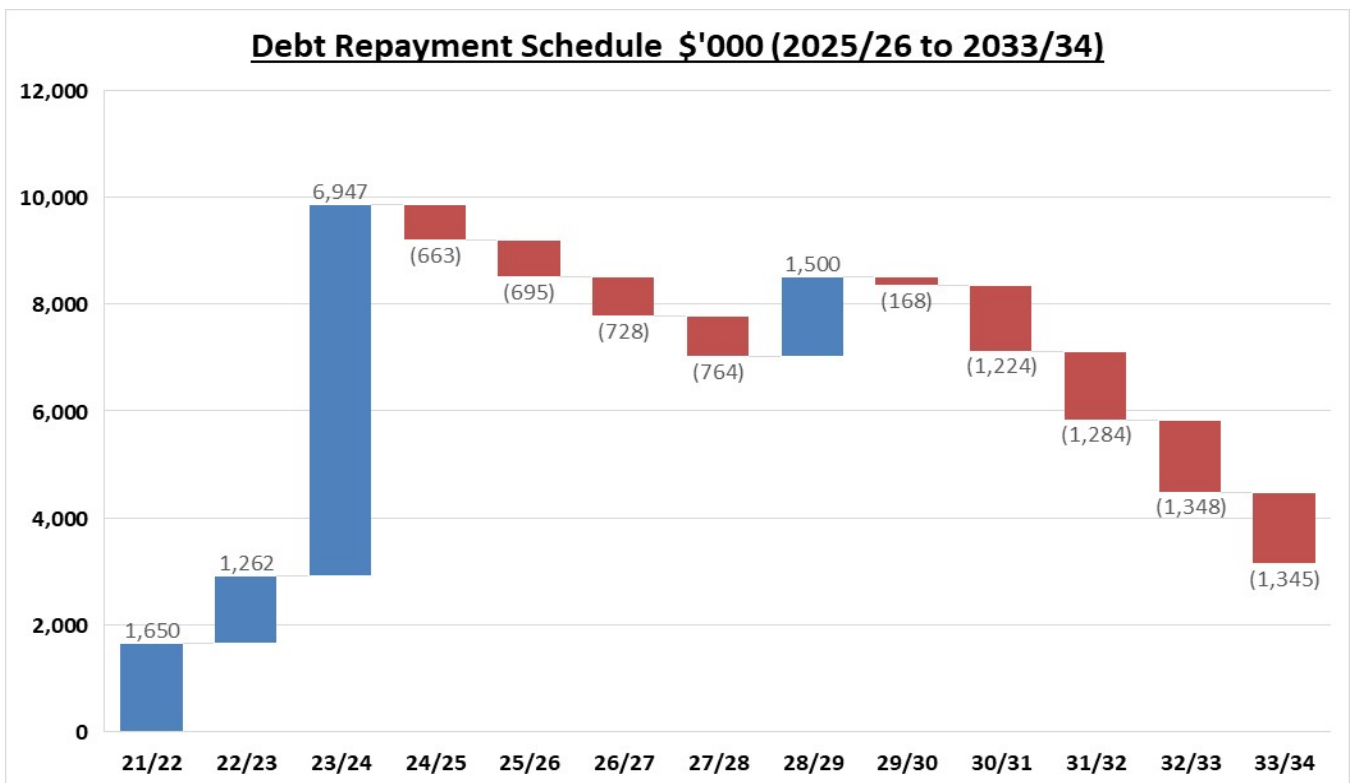
Council has paid \$0.519 million in scheduled principal debt repayments in the period 1 July 2025 to 31 March 2026.

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

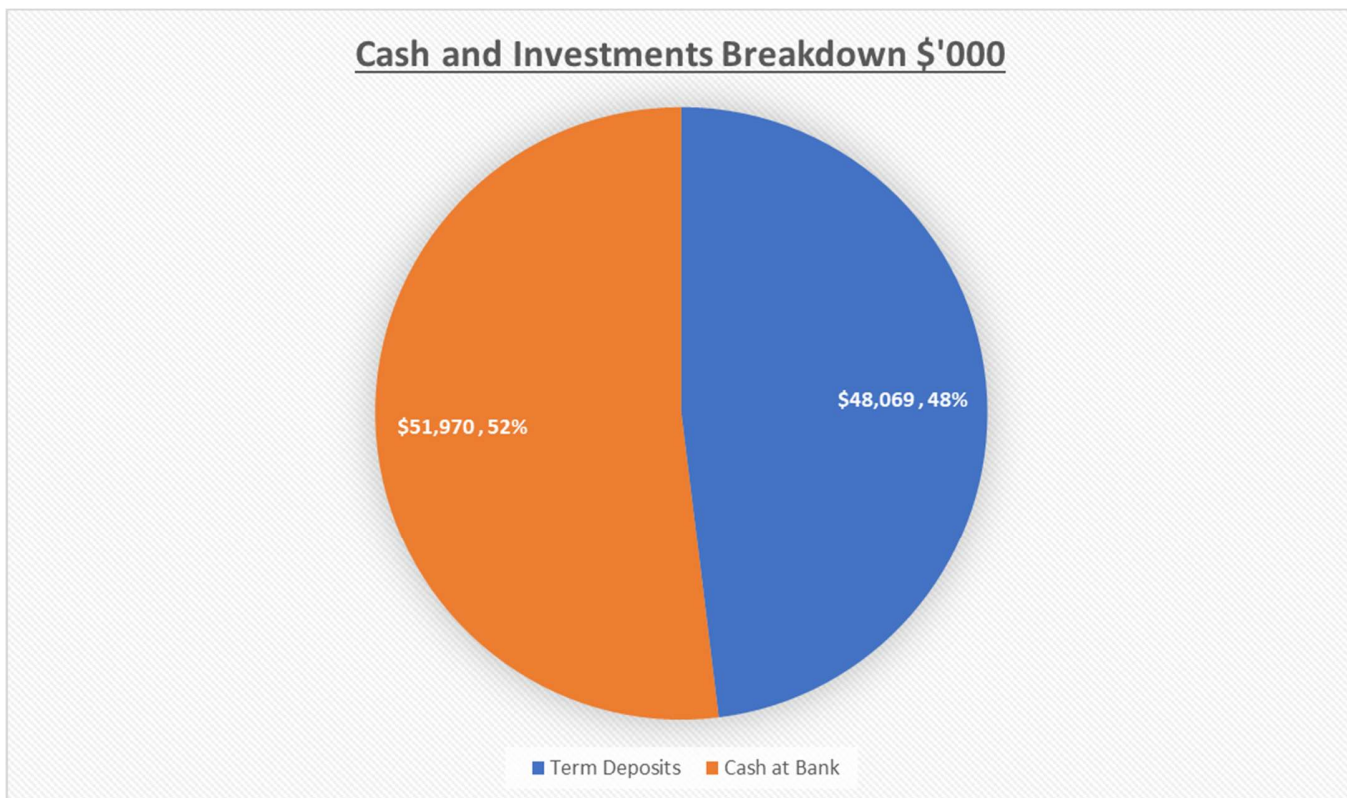
1. Tambo Bluff Special Charge Scheme – 8.66% (recovered from the scheme participants)
2. Community Infrastructure Low Interest Loans from Treasury Corporation of Victoria:
 - WORLD Sporting Precinct – 4.83%
 - Eagle Point Foreshore Hub – 4.625%

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

Loan Maturing	YTD March 2026				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	(519)	0	176	695	33	0	728
Non-Current Loans	8,501		0	8,501	8,501	(728)	0	7,773
	9,196	(519)	0	8,677	9,196	(695)	0	8,501



Cash and investment holdings increased by \$27.078 million compared to the balance at 30 June 2025 of \$86.005 million. The movement reflects the timing of cash inflows and outflows during the period. As at 31 March 2026, Council holds \$48.069 million in term deposits with 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 March 2026:

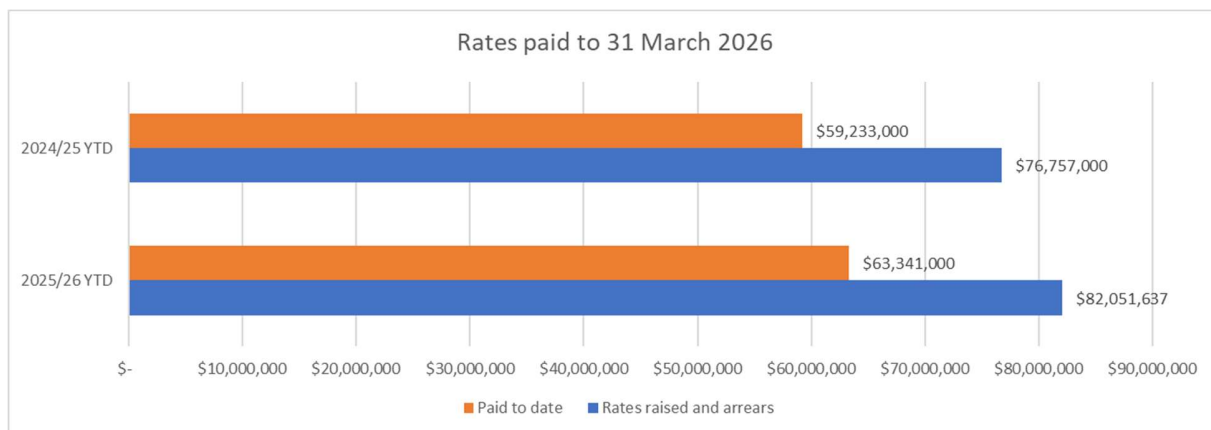
Contract number	Contract name	Date of award	Supplier	Estimated contract value (ex GST)	Contract period	Supplier location
CON2025 1730	Fort King Road, Paynesville - Drainage Upgrades	11/07/2025	McInnes Earthmoving Pty Ltd	\$319,394.00	31 October 2025	Gippsland
CON2025 1734	Provision of Supply Services 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
CON2025 1725	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
CON2025 1732	Construction of Buchan-Orbost Road Landslip Repair	25/08/2025	Jarvis Norwood Constructions Pty Ltd	\$539,535.00	30 weeks	East Gippsland
CON2026 1741	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
CON2026 1754	Detailed Design for Public Drainage Assets	27/11/2025	JC Engineers Pty Ltd	\$136,027.00	12 Months	QLD
CON2026 1753	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 initial term	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 initial term	East Gippsland
CON2026 1750	Amenity Lawn Mowing and Maintenance Services	17/12/2025	JF Peterson Pty Ltd	Schedule of Rates	3-year initial term	East Gippsland
CON2026 1750	Amenity Lawn Mowing and Maintenance Services	17/12/2025	Moogji Aboriginal Council East Gippsland Inc.	Schedule of Rates	3-year initial term	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 initial term	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 initial term	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
CON2026 Q 1736	Gilsenan Reserve Amenities, Paynesville	16/01/2026	Design Co Builders Pty Ltd	\$242,881.90	1 June 2026	East Gippsland
CON2026 1757	Bogong Street, Lakes Entrance - Drainage Construction Works	02/02/2026	Yousuf Civil Constructions Pty Ltd	\$110,925.00	8 weeks	Melbourne

Contract number	Contract name	Date of award	Supplier	Estimated contract value (ex GST)	Contract period	Supplier location
CON2026 1703	Foreshore Management Plan Implementation, Malo (Stage 2) Construction Works	05/02/2026	GBM Contractors (Vic) Pty Ltd	\$180,515.00	6 weeks	Yarragon
CON2026 1773	Stirling / David Road Metung, Drainage Upgrade Construction Works	13/02/2026	Blackwood Trenching & Boring Pty Ltd	\$113,463.00	16 weeks	East Gippsland
CON2026 1737	Construction of Church Street Pedestrian Crossings, Lakes Entrance	23/02/2026	Fulton Hogan Industries Pty Ltd	\$495,720.98	6 weeks	Melbourne

1.7 Rates Performance

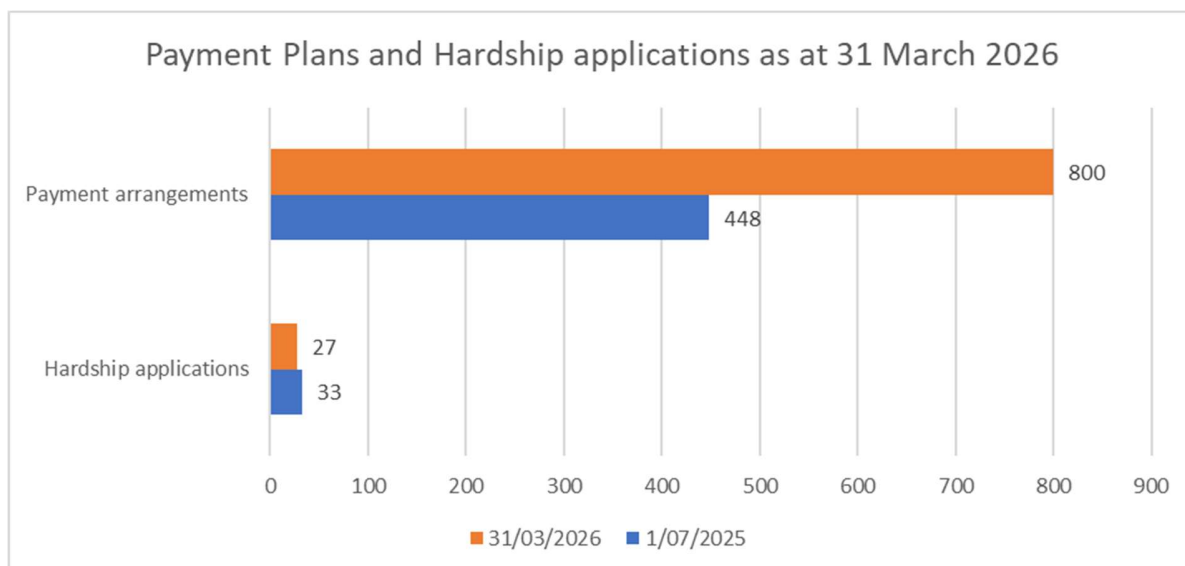
As at 31 March 2026, 76.7% of rates revenue has been received. This is 0.46% lower than the proportion collected at the same point in the previous financial year.



Final rates were due on the 15 February and the rates team continue to engage proactively with customers to support as much flexibility as possible to get rates paid.

The Rates Roadshow was held across March and April, with team members visiting various communities to assist ratepayers in understanding their rates and available payment options.

Council offers flexible payment arrangements for ratepayers experiencing difficulty paying, allowing smaller instalments to be paid over an extended period without interest. The Rates team works with residents to establish suitable arrangements based on individual circumstances.



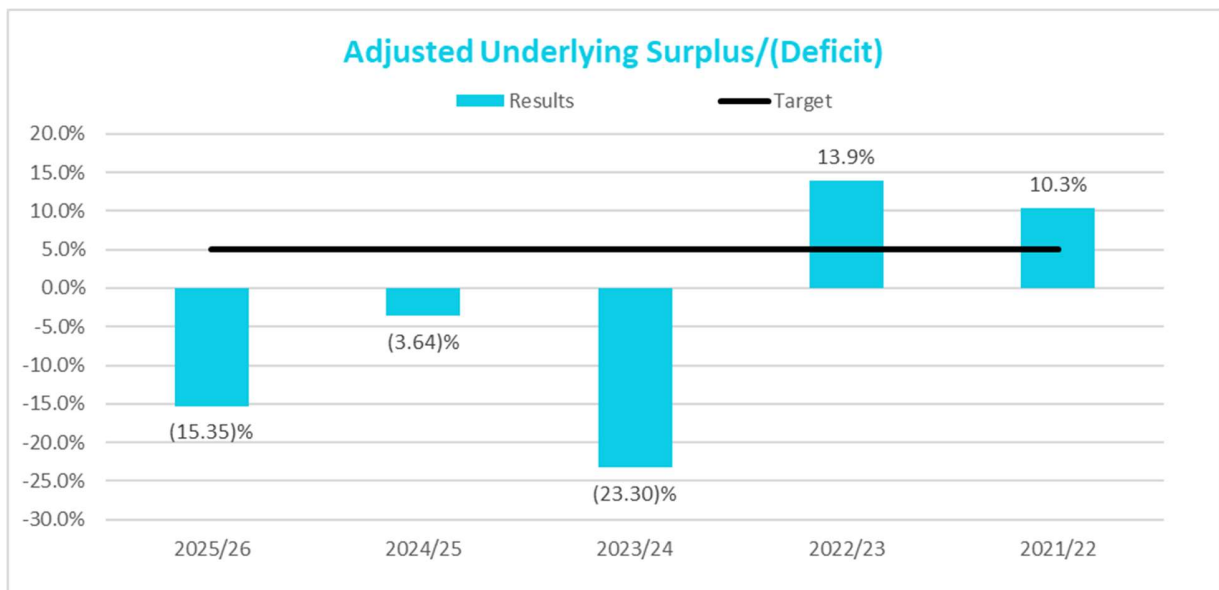
2. Year to Date Financial Analysis

2.1 Financial Ratios

Adjusted underlying surplus/(deficit)

The adjusted underlying result reflects Council's operating performance from its ordinary activities, excluding the impact of non-recurrent capital grants, non-monetary asset contributions, and other capital funding sources from the net result.

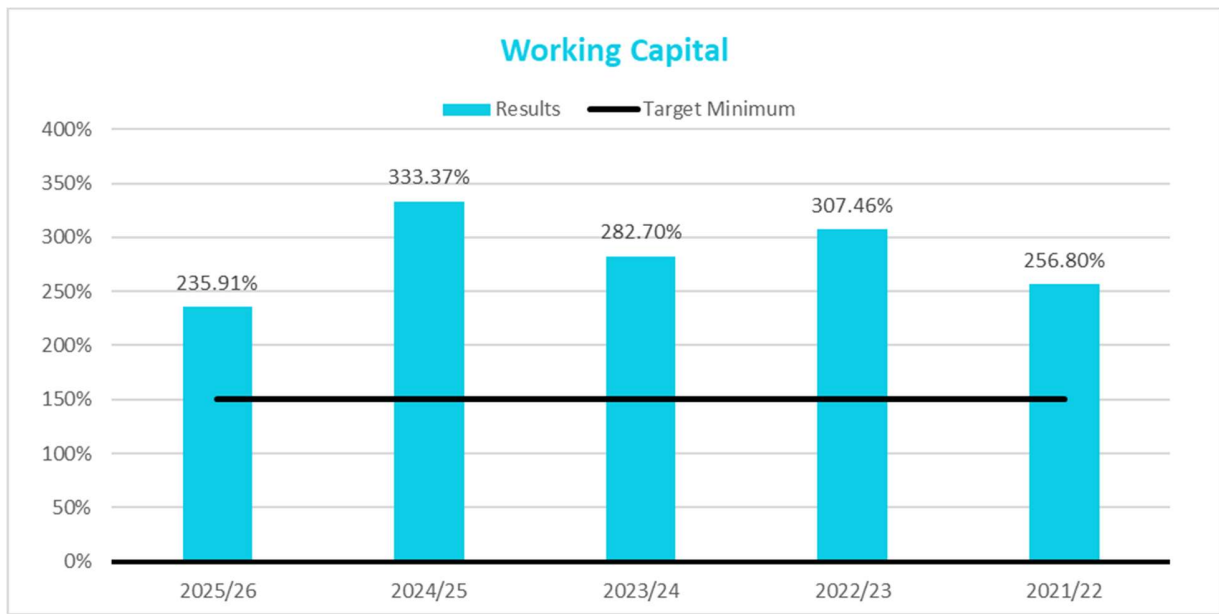
For 2025/26, the adjusted underlying result is forecast to be a deficit of 15.35%. This position is primarily influenced by the timing of grant funding, including the early receipt of the Financial Assistance Grants in (\$10.695 million).



Liquidity

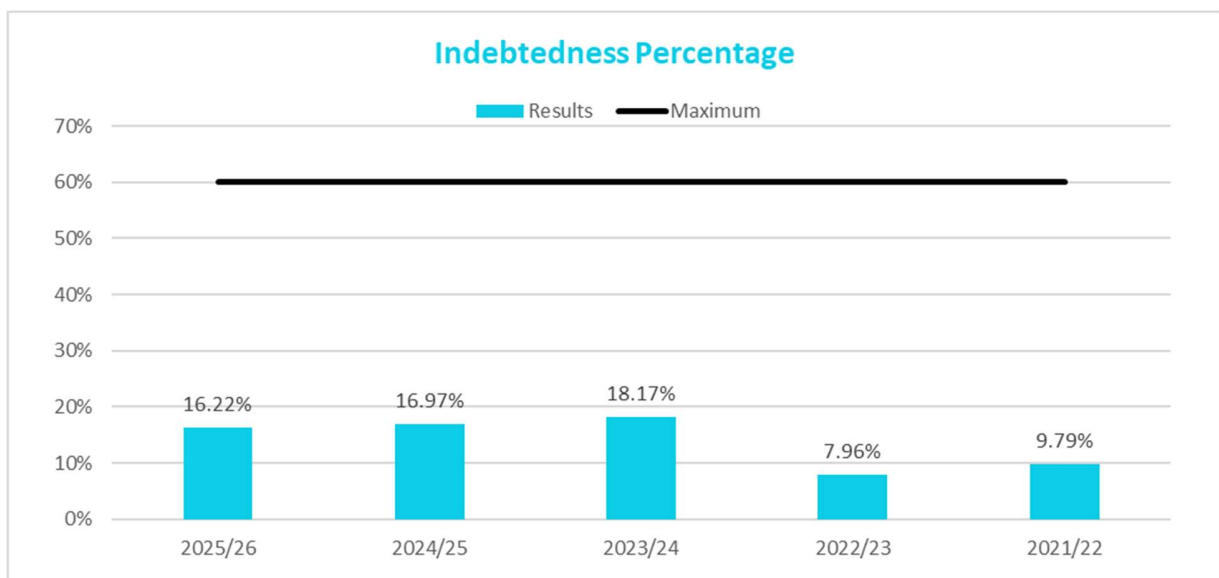
The Working Capital Ratio shows whether Council has enough short-term assets (such as cash and receivables) to pay its short-term bills and obligations.

As at 31 March 2026, the forecast ratio is 235.91%, compared to the target of 150%. This means Council currently has more than twice the amount of short-term assets needed to cover its short-term liabilities, indicating a sound short-term financial position.



Obligations

The Indebtedness Ratio shows how Council's long-term debt compares to the revenue it generates from its own sources. As at 31 March 2026, this ratio is forecast to be 16.22%, well below the target limit of 60%. This indicates that Council's level of long-term liabilities is low relative to its revenue base.



Asset Renewal

The Capital Replacement (Renewal) Ratio compares Council's spending on renewing infrastructure, property, plant, and equipment with the rate these assets are depreciating over time.

A result of 100% or higher indicates that assets are being renewed at least as quickly as they are wearing out. Council's target is to maintain this ratio at 100% or above each year to support long-term asset sustainability and service delivery.

For 2025/26, asset renewal investment is forecast to be \$24.875 million. The ratio is currently below target, largely due to the scale of the capital works program being carried forward to next financial year which has decreased total renewal activity above the depreciation level for the year.

