Annual Report

2021-22

EAST GIPPSLAND
SHIRE COUNCIL

Local indigenous artist Alice Pepper worked with visiting artist David "Meggs" Hooke, on the artwork at the underpass in Nowa Nowa. The artwork was part of a series of artwork along the East Gippsland Rail Trail for the 'Under the Surface' project.

Acknowledgement of Country

East Gippsland Shire Council acknowledges the Gunaikurnai, Monero and the Bidawel people as the Traditional Custodians of this land that encompasses East Gippsland Shire, and their enduring relationship with country. The Traditional Custodians have cared 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.

This annual report is prepared in accordance with the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020.*

An online version of this report is available at eastgippsland.vic.gov.au

Cover image:
Council organised the Rural Recharge Concerts with Australian music icon Paul Kelly in support of farmers and farming communities. The concerts were held in March in Buchan and Mallacoota and attended by 950 people and supported by the Victorian Government.

Contents

The Councillors and senior staff met with the Buchan community to announce Council's $1.2m contribution to upgrade the Buchan Recreation Reserve. The redevelopment is one of the recovery priorities identified by the Buchan community through its Community Recovery Committee.

Introduction

East Gippsland Shire Council is committed to transparent reporting and accountability to its community. The Annual Report 2021-22 details Council's activities, achievements, challenges and financial performance during the financial year.

It also informs the community on how the commitments in the Council Plan 2021-2025 and the 2021/22 Annual Budget were delivered.

The Annual Report is an important part of Council's performance-monitoring process, to ensure resources are used efficiently and East Gippsland communities are provided with value-for-money services.

This report also provides information on the elected Council, the organisation and statutory information.

Council's overall financial position and performance is reported in the Audited Financial Statements for the period 1 July 2021 to 30 June 2022.

Council's Vision

East Gippsland is an inclusive and innovative community that values our natural environment, puts community at the centre of Council decision-making, and creates the conditions in which communities can thrive.

Councillor Standards of Conduct

The Councillor Code of Conduct sets out the standards of conduct that guide the Councillors collectively and individually in undertaking their roles, duties and obligations.

Standards of Conduct

Treatment of others

A Councillor must, in performing the role of a Councillor, treat other Councillors, members of Council staff, the municipal community and members of the public with dignity, fairness, objectivity, courtesy and respect.

Performing the role of Councillor

A Councillor must, in performing the role of a Councillor, do everything reasonably necessary to ensure that the Councillor performs the role of a Councillor effectively and responsibly.

Compliance with good governance measures

A Councillor, in performing the role of a Councillor, to ensure the good governance of the Council, must diligently and properly comply with relevant policies, procedures, protocols and legislation.

Councillors not discrediting or misleading council or the public

In performing the role of a Councillor, a Councillor must ensure that their behaviour does not bring discredit upon the Council and must not deliberately mislead the Council or the public about any matter related to the performance of their public duties.

Standards not limiting robust discussion

Nothing in these standards is intended to limit, restrict, or detract from robust public debate in a democracy.

While the Councillors are governed by standards outlined in the Councillor Code of Conduct, Council officers are guided by the Staff Code of Conduct and a set of organisational values.

Council's site at the two-day East Gippsland Field Days was as popular as ever, with a focus on Council services and the 'Grown Caught Made' farm gate trail promotion.

Highlights of the Year

Council supported its communities across East Gippsland through the provision of services, new infrastructure and recovery projects, community celebrations, events and grants and funding opportunities.

An inclusive and caring community that respects and celebrates diversity

Developed a project to work with the Disability Advisory Committee, and other representative/community groups to evaluate the inclusive and accessible features of Council programs.

Work continued with Community Recovery Committees (CRC) to support local bushfire recovery. Some districts are working on recovery priorities, while others are transitioning to an ongoing community focus. Delivery of the Tambo Crossing community facility is an example of a community, CRC and Council working in partnership to deliver a community priority.

Supported the return of community events and public gatherings through events such as the East Gippsland Winter Festival. Following an extended period of COVID-19 lockdowns and restrictions, reintroducing public events has seen many benefits for our communities.

Reviewed the place management model to identify learnings from the past two years, with a view to informing the Council's future place management model and the role of place managers.

Council held local volunteer acknowledgment events in Lindenow, Cann River and Tambo Crossing to recognise the contribution volunteers make to our community, and to launch the East Gippsland Volunteer Honour Roll during National Volunteer Week in May. Pictured: Mayor Councillor Mark Reeves with volunteers at Cann River.

Introduced 'Recovery Reset: Social Recovery Assessment', a partnership initiative with Bushfire Recovery Victoria and key stakeholders. The assessment identified the current and anticipated needs for social recovery and wellbeing services across East Gippsland as a result of the 2019-20 Black Summer Bushfires.

International Women's Day was celebrated with an event at Sun Cinema Bairnsdale. The theme of the event was 'Break the bias', and had a special screening of 2020 feature film *The Leadership*, and an online guest speaker Pamela Hammond.

A series of artworks were created along the East Gippsland Rail Trail, from Bairnsdale to Orbost, for the 'Under the Surface' project funded by the Australian Government ($30,000). The project was designed, produced and delivered by The Social Crew in collaboration with the Gunaikurnai Land and Waters Aboriginal Corporation and Council.

75

Performances held at the Forge Theatre during the year including 10 performances of *Grease* by the local Bairnsdale Production Line Theatre Company; three performances of The Wiggles – Superhero tour; and a sold out performance by Archie Roach.

Supported and facilitated activities for Youth Week, Seniors' Week, Children's Week, Social Inclusion Week, 16 Days of Activism, International Day of People with a Disability, Diversity Week, Reconciliation Week, Refugee Week, National Volunteer Week and NAIDOC Week to celebrate the diversity within the municipality.

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Provided over $112,000 in community grants to 30 projects and community groups through council's Community Grants Program.

283,654 visits to the indoor recreation centres - an increase from 208,728 in 2020-21, and 256,500 in 2019-20.

Planning and infrastructure that enriches the environment, lifestyle, and character of our communities

Developed six Asset Management Plans and a range of support plans to assist Council effectively manage over $1.2 billion of assets for the community.

Supported 50 residents rebuild and obtain an occupancy permit, and 54 households obtain planning and/or building permits for new dwellings through the Rebuild Support Service for bushfire affected residents. A further 47 residents and their families are currently being assisted to reach the permit stage.

Delivered almost $40m of capital works – Council's largest ever program, with a further $20m committed towards projects to be delivered over multiple years.

697

Planning permits were issued, representing one of the busiest years on record. The consistently high number of development applications has presented challenges for the Planning team but a high level of output has been maintained.

Attracted over $32m of external grant funding for 36 community infrastructure projects, with major projects Bairnsdale Airport Upgrade ($9.9m); Omeo Mountain Bike Trails – Stage 2 ($3.1m); and Krautungalung Walk – Stage 1 ($2.2m).

Minister for Local Government, the Hon Shaun Leane joined Mayor Cr Mark Reeves, Deputy Mayor Cr Arthur Allen, CEO Anthony Basford and our project officers and contractors for a tour of the works underway at the WORLD Sporting Precinct Redevelopment in Bairnsdale.

Council worked with the Australian Government, Victorian Government and NBN Co to deliver the Strengthening Telecommunications Against Natural Disasters (STAND) program for East Gippsland, which will assist community to communicate during the early stages of an emergency. The program will boost internet connectivity resilience and help locals in disaster-prone areas stay connected to emergency and support services.

The Drought Relief Communities Programme saw 19 small projects, with a total value of $1m, undertaken on community facilities with a highly positive response.

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Significant funding availability and drive from community groups and organisations for facility development meant a strong focus on project development and funding applications this year. Key projects that have been planned have included; Skidale Reserve Lake Tyers Beach, Eastwood Park Play Space (Tulaba Park), Metung Bowling Club Green, and Metung Tennis Court, oval lighting for Lochiel Park Orbost, Shaving Point Boat Ramp Metung, Lake Tyers Beach Hall, Raymond Island Hall, and Peppercorn Park lighting Bairnsdale.

$500,000

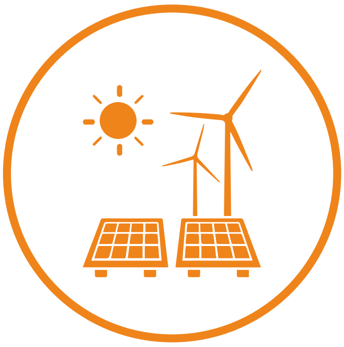
Distributed to East Gippsland organisations through a new, once-off Community Infrastructure Grant Fund. The 16 successful applications included building repairs and upgrades, installation of solar panels and lighting, and community gym equipment.

Through advocacy, and working with community and other groups, East Gippsland secured more than $30m in funding from the Black Summer Bushfire Recovery Grant program, including eight Council-led projects.

Planning for the redevelopment of the Mick Baum Park Skate Park in Cann River is underway. This project is one of eight Council-led projects that will receive funding from the Black Summer Bushfire Recovery Grant program.

A natural environment that is managed and enhanced

Following extensive community and stakeholder consultation, the Environmental and Sustainability Strategy 2022-32 was developed and adopted.



Joined with 46 other councils to create the Victorian Energy Collaboration Organisation (VECO) which has facilitated Council entering into a long-term contract to source 100% of our energy from sustainable and renewable Victorian sources.

Introduced glass collection services to eight of Council's transfer stations and landfills.

Successfully capped and closed the Lakes Entrance Landfill, which allows for the rehabilitation of the site and discontinuation of an unlined legacy landfill.

Successfully trialled the conversion of green waste into a compost product at Bairnsdale Landfill.

Council maintains parks and gardens through towns to ensure attractive and functional streetscapes. This includes 124 parks, 68 playgrounds and 74 kilometres of walking tracks.

All mercury vapor street lighting across the shire has now been replaced by LED lights - 1,504 streetlights swapped to LED (94%) with 99 remaining.

Council has secured Australian and Victorian Government funding to install seven 50kW electric vehicle fast-charging stations in car parks across the shire.

The Bairnsdale Integrated Water Management Plan was completed, focussing on innovative and collaborative water management to maximise the resilience, liveability and economic prosperity of our communities and connected waterways, wetlands and Gippsland Lakes.

Partnered in the planning to install three 14kW Tesla 2.0 Powerwall batteries and connect to the 20kW solar power system in the newly redeveloped Lucknow Recreation Reserve clubrooms.

Used waste education events and information produced including regular newspaper advertisements and participation in region and state-wide education campaigns to raise community awareness of the importance of recycling and waste minimisation.

Developed a Waste Management Action Plan to guide Council's practices towards circular economy outcomes and ensure our services are efficiently delivered.

99kW solar panel system installed at the Bairnsdale Aquatic and Recreation Centre - the largest system to be installed on a Council facility.

A thriving and diverse economy that attracts investment and generates inclusive local employment

The Draft 10-year Economic Development Strategy was released for public comment following extensive co-design with a diverse range of key stakeholders. The accompanying four-year Action Plan is in final draft stages.

East Gippsland Rural Recharge Community Concerts were held in Buchan and Mallacoota in response to severe drought conditions in eastern Victoria and expanded following the 2019-20 summer bushfires. The concerts were headlined by Australian music icon Paul Kelly, with 233 people attending in Buchan and 686 in Mallacoota.

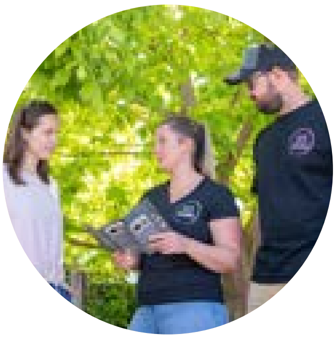
Engaged and collaborated with higher education partners and other sectors to establish new training and skill development programs. This resulted in the establishment of Business Boost - an innovative program to support business start-ups, entrepreneurs and business expansion initiatives.

A partnership with Monash University was established for a study into 'Barriers to employment in the Cann Valley'. This research aims to assist understanding the social and economic challenges for business owners to attract and retain staff in an area where disproportionate levels of welfare-dependency exist.

A new Event Management Toolkit was developed to assist event organisers when planning to host an event. Event organisers can access information they might need relating to event planning, sponsorship, grants, coordinating volunteers and staff, how to run committee meetings, and post-event reviews and surveys.

Cr Trevor Stow, Member for Gippsland East Tim Bull, Federation University Dean of Graduate Studies Wendy Wright, and Cr Mendy Urie and CEO Anthony Basford at the launch of the East Gippsland Business Awards. The delivery of the awards was led by Council.

Community consultations and workshops were held in the Cann Valley, Buchan and Errinundra to Snowy districts to discuss potential tourism opportunity projects. Each district chose priority projects to pursue with an aim to increase the length of time a visitor stays in the region, and how much they spend.



The Business Concierge Program had over 268 business engagements. The program continues to attract positive feedback from the business sector and potential commercial investors.

Supported the Timber Transition Plan - Community Transition Program involving Swifts Creek, Nowa Nowa and Orbost communities including auspicing the application for funding for the Swifts Creek Local Development Strategy.

A transparent organisation that listens and delivers effective, engaging and responsive services

Engaged with the community on the design and delivery of over 50 infrastructure projects.

A new Library Management System was installed at all six libraries. The system has a new-look catalogue with an improved search function and image of the book, and self-scanners and a mobile app.

A Mutual Respect Charter was adopted to support a key principle of providing a safe and respectful workplace. It is based on the principle of mutual respect and cooperation. It outlines the rights and responsibilities of the community, Councillors and staff in all Council-related interactions.

Council conducted three service reviews. These reviews provide recommendations on how these services can be delivered more effectively and efficiently for Council and the community. The active reviews are:

- The Forge Theatre and Arts Hub
- Customer Service and Libraries
- Visitor Information Centres

Held two Council in Community visits at Buchan and a joint visit to Mallacoota, Cann River and Genoa. Council meetings were hosted during these visits, with the two meetings being held at the Buchan Mechanics Hall and at the Genoa Public Hall. Councillors also visited Orbost to conduct meetings with community groups.

Mallacoota Foreshore Holiday Park benefited from the return of overseas travel and had a peak season resembling pre-COVID-19 and bushfire patronage numbers. The business finished the year with an operating surplus.

Development of the Electronic Document Records Management System business systems specifications is progressing.

Council conducted a Workplace Gender Audit, with the results submitted to the Gender Equality Commission. An associated Gender Equality Action Plan was developed in response to the audit findings.

Several Information and Communication Technology (ICT) security and governance reviews and audits undertaken to ensure ongoing improvement in relation to its cyber security and ICT governance.

Tree planting event was held in October at Howitt Park, Bairnsdale, to celebrate the East Gippsland residents who contributed to the development of our Community Vision 2040 and Council Plan 2021-25. Pictured: Jane Ponting, Cr Mendy Urie, Cr Kirsten Van Diggele, Cr Mark Reeves, Peter Giddings, Sharon Jervis, Belinda Stewart, Carina Turner and Cr Tom Crook.

The La Nina weather pattern also saw a long and wet spring with an unprecedented growing season that impacted on Council's ability to manage its parks, gardens, roadsides and reserves as effectively as usual.

Challenges

Accompanying our highlights and achievements are the various challenges the organisation and community have faced.

There were seven declared flood events that impacted areas of East Gippsland, and the emergency response associated with affecting Council infrastructure and the farming communities. This also impacted public areas, in particular Livingstone Park Omeo, which created a significant volume of work to manage natural values alongside asset replacement.

Retention of staff has become a challenge, with the increase in turnover is consistent with trends across Australia. With COVID-19 restrictions lifting early in the financial year and the ability to travel both interstate and internationally, there has been an increase in resignations as well as earlier retirement of the workforce.

Accessible housing stock to meet the needs of our community, creating social issues and vulnerable people. Developing affordable housing stock and new lettings in East Gippsland is a challenge for Council to continue to support the community Council issued permits for approximately 697 planning applications, representing one of the busiest years on record. The consistently high number of development applications throughout the year has presented challenges for the Planning team but a high level of output has been maintained.

Statutory planning is a complex activity requiring the balancing of many conflicting issues and close engagement with the development sector and communities undergoing change. An apparent increase in community involvement in planning applications has created additional challenges in achieving the right balance.

Council has a strong cyber safety program with several audits and reviews undertaken this last financial year to further strengthen and improve business process and security in light of continued cyber security threats and challenges.

The construction sector faced impacts that effected Council projects and the rebuilding of houses destroyed in the 2019-20 bushfires.

Livingstone Park, Omeo, during one of the year's flooding events which caused significant damage.

Recreation centres, libraries and service centres had significant service restrictions with many areas of the facilities either capped in attendance numbers, or services had to be significantly altered. Attendances is now starting to resemble pre-COVID-19 programming.

COVID-19 pandemic related challenges

The impacts of COVID-19 and the imposed restrictions created challenges for recovery work in meeting with community and the community coming together to support each other

COVID-19 impacted community events, with event organisers challenged by changing COVID-19 requirements. Council staff supported a range of events.

The performing arts industry was significantly impacted by COVID-19, with people only starting to have confidence in attending live performances later in the year.

COVID-19 restrictions contributed to complex planning and delivery constraints for community engagement and program teams. Significant partnerships and resource demand when coming out of restrictions meant back-to-back commitments for much of the first half of 2022, with delivery of the backlog of activities as well as the annual schedule of events.

Two externally funded 'War on Weeds' projects have progressed slowly, with the adoption of the tender for contractors a key step. The impact of COVID-19 on staffing levels has impacted these two projects and extensions have been granted to allow for delivery next year.

Councillors met with community members at Club Terrace in May about the construction of a new permanent community facility following a successful Council funding application.

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The Year in Review

Following the past two years of major challenges and change East Gippsland was able to start to experience some stability towards the end of year. This year Council sought to deliver its largest ever capital works program, provide ongoing bushfire recovery support and programs, and transition back to a COVID normal way of delivering services and events to the community.

Message from the Mayor

I am pleased to present this year's Annual Report and to celebrate our achievements and highlights for the past year.

We have seen major progress this year, with the continued support for communities who are on their bushfire recovery journey, we set out to deliver the largest Capital Works Program ever and worked closely and engaged with our community as much as possible.

A major piece of work finalised this year was the development of our Environmental Sustainability Strategy 2022-32. This strategy went through a detailed community consultation and public exhibition process, with the feedback being used to inform the final document. We know that the natural environment and climate change are priorities for our community, so it was great to speak with so many people to inform this strategy.

Volunteers play a crucial part of communities. We recognised the valuable role of volunteers and launched the East Gippsland Volunteer Honour Roll at celebrations held across three sites as part of National Volunteer Week. These well attended events acknowledged the endless hours some of these volunteers have committed to making their communities so great and celebrated their efforts.

To ensure that we have a focused approach to our advocacy for the region, Council developed an Advocacy Strategy. The strategy provides a prioritised set of initiatives which allows us to concentrate our efforts on delivering the community's priorities. This is an ever-evolving list of priorities that is able to adapt to changes as they are achieved or as needs change. Some of the advocacy highlights include:

- $28m in Federal Government funding committed from the Black Summer Bushfire Recovery Grants programs to support the 38 projects, with the largest project the Bairnsdale Airport Runway Upgrade ($9.9m)
- $3.2m in State Government funding committed to the Omeo Mountain Bike Trail – Stage 2 construction
- $984,650 in Federal Government funding committed to the Gippsland Agriculture Group Education Centre
- $400,000 in Federal Government funding committed to support the installation of four electric vehicle charging stations in East Gippsland

Councillors and officers want to make sure that the community remains informed regarding Council business, so I would strongly recommend to everyone to read our monthly newsletter My Council, My Community, to view video updates on our YouTube channel, (East Gippy TV) and to continue to engage with us through our engagement portal, YourSay East Gippsland.

My fellow Councillors and I look forward to building on the achievements of the past year and continuing to work to achieve the community's goals for the region.

Councillor Mark Reeves – Mayor

Message from the Chief Executive Officer

Council's Annual Report for the year 2021-22 provides an important record of a successful, but challenging year.

As Chief Executive Officer, I am responsible for supporting the Mayor and Councillors in the performance of their roles and ensuring the effective and efficient management of the day-to-day operations of the Council. This includes ensuring that the decisions of the Council are implemented without undue delay and establishing and maintaining an appropriate organisational structure to act on our Council Plan.

As we start to move into a COVID-19 normal environment, we are starting to see our services back to full operation and community coming back to our facilities and local events.

We are continually seeking community input - in the 2021-22 year we asked for community feedback on more Council projects than ever before. We had over 50 projects posted on our engagement portal, YourSay East Gippsland, which had over 9,000 page visits and 874 engagements over the year. Council has made a commitment to further engage with communities in decision-making, which has been demonstrated with the projects, strategic planning documents and service reviews available through this portal.

We started 2021-22 with a view of achieving a capital works program of $88.75 million, which focusses on renewing ageing infrastructure and new assets for the community. At the end of the year we have achieved 56 of the committed projects, with another 118 underway. This has been the largest program ever delivered as we continue to provide outcomes for the East Gippsland community.

Some of the major highlights from the capital works infrastructure projects include:

- The development of the WORLD sporting precinct ($23m) in Bairnsdale, which commenced work on the new carpark, hockey fields and upgrade to the netball courts.
- The Omeo Mountain Bike Trail ($5.5m), which has seen significant preliminary works completed for trail building to start in the new year.
- The Genoa Pedestrian Bridge ($1.68m) was formally opened in May 2021. This project replaced an important community asset that was lost in the Black Summer Bushfires.

Council continues to be in a sustainable financial position, recording an operating surplus of $30.976m with an underlying surplus of $12.74m. Net assets increased by $62m to $1,365m.

I would like to thank the community for supporting the organisation and our staff in a year where we continued to adapt our services to COVID-19 restrictions and floods. In the coming year, the organisation will focus on adopting and implementing major strategies such as the Public Health and Wellbeing Plan, Growing East Gippsland economic strategy, and continuing to deliver Council's vision and Council Plan.

Anthony Basford – Chief Executive Officer

Summary of Financial Performance

The summary of financial performance provides an overview of how Council has performed financially in 2021-22. The Long-term Financial Plan focused on improving Council's financial position, ensuring its long-term financial sustainability.

Financial snapshot

- $141.5m revenue against a budgeted $138m.
- Rates and Charges comprised $62.6m (44%) of the total operating revenue.
- $110.5m expenditure against a budgeted $102.2m.
- Operating surplus of $30.9m (budget $35.7m).
- $38.2m Capital Works program delivered against a budgeted $88.7m.
- Cash holdings and other financial assets increased by $24.3m from $92.2m in 2020-21 to $116.5m in 2021-22.
- Net debt decreased to $1.650m in 2021-22 from $3.350m in 2020-21.

Council focuses on three key areas of financial performance as a guide to how sustainable our Council is. These three areas are:

- Our operating and underlying results.
- The renewal or replacement of our existing assets.
- Our cash holdings.

Asset renewal

A key capital works indicator is whether what we are spending on renewing our assets matches the rate that our assets are deteriorating or depreciating. Council's strategy is to renew our asset base at a greater rate than it depreciates. Our key strategic indicator for renewal is a minimum of 100%.

Our asset renewal result for 2021-22 is 112.7%.

Cash holdings

Cash holdings is about our ability to pay for Council's activities and obligations and is usually balanced by restricted items such as trust deposits and reserves or funds held for specific purposes.

Debt levels

No new borrowings were taken up during the year and borrowings totalled $1.650m as at 30 June 2022.

Council's operating results

Council achieved an operating surplus of $30.976m this year compared to a $19.517m surplus in 2020-21. This is greater than last year's result by $11.459m. The operating surplus in 2021-22 though includes unbudgeted income of $13.8m for an advance payment of the 2022-23 Federal Assistance Grant.

Without this advance payment, the operating surplus for the year would have been $17.176m which is $18.559m less than the budgeted result.

A decrease in capital grants over the budget of $23.682m and non-monetary contributions of $0.956m decreased the income for the year which was offset by an increase in operating grants over budget of $19.594m and other income, mainly as a result for reimbursements for natural disaster restoration works of $7.139m greater than budget. $13.8m of the increase in operating grants was a result of the advance Financial Assistance Grant for 2022-23 being received in 2021-22. There was also additional grant funding for Fire 2019 related projects of $4.4m that was unbudgeted as well as an additional $0.530m Victoria Grants Commission payment for the 2021-22 year.

While the operating surplus represents an overall good result, an important indicator of financial sustainability is the underlying result, which removes all non-recurrent capital income to show the true operating position. An underlying surplus indicates that all operational expenditure including depreciation and amortisation has been fully funded.

Council recorded an underlying surplus of $12.74m compared to an underlying surplus of $5.3m last year.

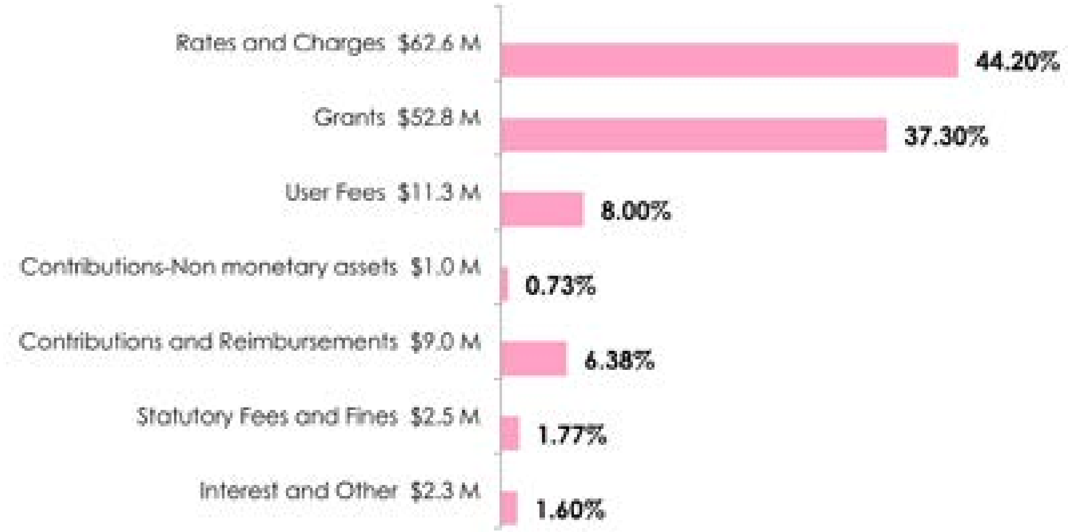
Income

This year's operating income totalled $141.562m.
The graph below shows the breakdown of Council's income in 2021-22:

Rates and charges

Rates and charges income was $60.536m. As a percentage of total income this is 44.2%, compared with 45.38% in the previous year.

Other revenue sources



Grant funding was $52.8m and accounted for 37.3% of total income, compared to 27.2% last year. The greater percentage of total income from grants resulted from an increase in capital grants of $8.7m and an increase in operating grants of $7.8m.

User fees accounted for 8.0% of total income compared to 12.6% in the previous year. In 2021-22 there was a reduction in some user fee income as a result of a number of facilities being closed for part of the year during COVID-19 restrictions.

Operating expenditure

The graph below shows the breakdown of Council's operating expenditure in 2021-22:
97% of our operating costs occur in the following three categories:

- Employee expenses 31.7%
- Materials and services 42.8%
- Depreciation and amortisation 22.5%

This year's operating expenditure totalled $110.586m, which was $8.3m greater than the adopted budget.

Other expenses, including the landfill rehabilitation provision movement of a reduction of $1.125m, were $1.318m greater than budget as a result of $2.442m of infrastructure write-offs, primarily due to assets being replaced. Materials and services were $4.645m greater than budget mainly as a result of natural disaster event restoration works undertaken during the year that will be offset by reimbursement income.

All other expenditure in 2021-22 did not vary materially from budget.

Capital expenditure
In addition to the operating expenditure, Council spends money on capital projects that benefit the community for many years. This year's capital expenditure totalled $38.2m, which was $50.559m less than budget. This was due to the timing of some projects that will not be completed until the 2022-23 year.

The graph below shows the major capital expenditure categories for the 2021-22 year:

Roads and Bridges capital expenditure was $14.4871m, $6.384m less than last year, and accounted for 37.92% of total capital expenditure compared to 59.21% last year.

Plant, Furniture and Equipment capital expenditure was $5.533m, $2.374m greater than last year and accounted for 14.49% of total capital expenditure compared to 8.96% last year.

Land and Buildings capital expenditure was $8.783m, $4.259m greater than last year, and accounted for 22.99% of total capital expenditure compared to 12.83% last year.

Parks and Recreation capital expenditure was $4.506m, $2.317 greater than last year. It accounted for 11.8% of total capital expenditure compared to 6.21% last year.

Other Infrastructure capital expenditure was $2.858m, $504,000 less than last year and accounted for 7.48% of total capital expenditure compared to 9.54% last year.

Waste capital expenditure was $2.033m this year, $887,000 greater than last year and accounted for 5.32% of total capital expenditure compared to 3.25% last year.

Balance sheet
Council has maintained a healthy balance sheet this year. Net Assets were $1,366m as at 30 June 2022 compared to $1,303m last year. This is an increase of $62.4m. $31.47m of the increase relates to the increase in the fair value of infrastructure. The remaining increase is due to the operating surplus of $30.976m.

Debt levels
No new borrowings were taken up during the year. Borrowings totalled $1.650m as at 30 June 2022, a reduction of $1.7m from the previous year.

Council borrowings as at 30 June 2022 of $1.650m relate to the Tambo Bluff Infrastructure Project, which is being reimbursed by Tambo Bluff landowners by way of a Special Charge Scheme.

Loan interest costs this year was $297,000, which is $7,000 greater than last year.

Cash and cash equivalents and other financial assets
Cash and cash equivalents and other financial assets totalled $116.547m as at 30 June 2022; this was $24.349m greater than last year. There was an increase in cash held at year end to fund 2021-22 capital and landfill rehabilitation projects that will be completed in the 2022-23 year of $27.647m. Unearned income also increased at year end by $5.019m as a result of significant capital grants being received in advance of the works to be undertaken in 2022-23 year.

The future
Long-term financial sustainability is Council's key focus for the future, to ensure Council has the capacity to deal with significant unplanned events like natural disasters, landfill rehabilitation costs, any future calls on the defined benefits superannuation scheme and any liability associated with the ceasing of the MAV WorkCare Scheme, while maintaining service levels to the community.

Rate capping was introduced for all Victorian Council's from the 2016-17 financial year. The rate cap for the 2021-22 year was set at 1.5% with Council resolving that total base rates and charges would be increased by the rate cap percentage in the 2021-22 year. Council's Long Term Financial Plan indicates that cash reserves will continue to be maintained at a prudent level providing Council with financial flexibility.

Council will continue to review its operations to ensure services to the community are delivered in the most efficient and cost-effective way.

For further information on Council's financial performance refer to Section 7 – Financial Performance.

The Bairnsdale Corporate Centre is open 5 days a week and is home to the Council Chamber, where the majority of Council meetings are held.

Mayor Cr Mark Reeves and Wayne Richards, Manager Community Facilities and Open Space were delighted to welcome Minister for Fishing and Boating, Melissa Horne to announce funding to redevelop Metung's Shaving Point boat ramp.

Advocacy

Councillors and the Chief Executive Officer have an important role advocating on a broad range of issues on behalf of our communities. This advocacy includes regular meetings with Members of Parliament from the Australian and Victorian governments and maintaining positive working relationships with other organisations and statutory authorities. Councillors also hold representative positions on external advisory committees and boards to ensure that East Gippsland is represented in regional, state and national arenas.

A prioritised set of advocacy initiatives was developed and adopted by Council through an Advocacy Strategy and supported by an Advocacy Policy.

The Advocacy Strategy identifies more than 30 priorities and the related 'asks' and supporting information initiatives, categorised under the five Council Plan 2021-25 themes. The strategy is available on the Council website, and includes details of the priorities and their status.

The supporting Advocacy Policy was developed to guide the approach to the development of the Advocacy Strategy. The policy also clarifies the roles and responsibilities for the determination of the advocacy priorities.

Some of the priorities for 2021-22 included:

Homelessness – seeking a dedicated (non-competitive) funding allocation from the Victorian 'Big Housing Build' and immediate action to address the lack of housing stock in Mallacoota in the short to medium term.

Youth services – seeking support to lead a partnership to provide collective impact for youth, including delivery of a range of youth-led services, activities and programs for young people.

Long-term bushfire recovery and community resilience – seeking Victorian and Commonwealth Government to commit to supporting bushfire recovery services at least until year five.

Active ageing – seeking funding for awareness campaigns, events, and activities, to implement programs to improve physical and mental wellbeing strategies.

Mitchell River Bridge duplication - seeking funding for the detailed design of the duplication of the Mitchell River Bridge.

Bairnsdale Aerodrome upgrade – received $9.9m to widen and lengthen the Bairnsdale Airport runway.

Bullumwaal Road realignment – seeking funding to realign seven roads to intersect with Bullumwaal Road at a 90-degree angle at a cost of $250,000 per intersection.

Asset management – seeking a policy change that allows funding to be allocated to asset maintenance and a change to funding programs to see more funding allocated on need rather than competitive funding rounds.

Marlo Road upgrade – seeking $7m in funding to ensure the Marlo Road has the capacity to safely accommodate current and future volumes of traffic, and include a walking/cycle path.

Resilient housing stock – seeking Victorian and Australian governments to provide funded programs to support people in bushfire prone areas to retrofit homes to be more resilient to reduce the risk of loss.

Buchan Recreation Reserve upgrade – seeking $7m to the redevelopment of the Buchan Recreation Reserve facility.

Great Alpine Road widening – seeking funds to be committed to continue the widening and corner treatments of the Great Alpine Road.

Lakes Entrance Indoor Stadium – seeking $8m be committed to the relocation and expansion of a multi-purpose indoor court complex.

Benambra-Corryong Road sealing – seeking $6.5m in funding to seal the remaining 65km of the Benambra-Corryong Road.

Weed and pest management – seeking $500,000 per annum and ongoing commitment for pest management.

Shared approach to fire management – seeking Victorian Government to provide funding for local governments to review their emergency management strategies and ensure appropriate resourcing allocations.

Strategic firebreaks and roadside vegetation management – seeking $5m allocated to Department of Land Water and Planning for the creation of strategic firebreaks.

Biodiversity Strategies – seeking an initial $1m per annum for four year from the Victorian Government to manage crown reserves.

Climate change mitigation – seeking that local governments and the private sector are provided access to funded programs to implement a net zero emissions target.

The HUB Bairnsdale – seeking $500,000 to implement the masterplan to upgrade the education centre.

Develop performing arts and culture centre – seeking $300,000 in funding support to identify the appropriate space for a regional arts centre and design of such a facility.

Gippsland Agriculture Group Education Centre – seeking $1m for the development of an agriculture training hub at Bairnsdale Airport.

Environmental Effects Statement process overhaul – seeking the Victorian Government to review the Environmental Effects Statement framework.

The Mallacoota Seawall reconstruction project replaced a section of failing seawall adjacent to the Mallacoota Foreshore Holiday Park. Stage 1 works replaced a 200-metre section of the seawall with a new precast concrete wall and galvanised piles. The project will provide higher flood protection for the foreshore and will greatly improve amenity of both visitors and Mallacoota residents with the provision of a new shared path that will be 2.2 meters wide. The project is being co-funded by Council and the Victorian Government.

Description of Operations

The broad range of community services and infrastructure provided by Council for residents supports the wellbeing and prosperity of our community.
The delivery of services, facilities, support and advocacy to achieve the strategic objectives is measured by a set of service performance indicators and measures. Council also has a wide range of responsibilities under Victorian and Australian legislation.

Major capital works completed

Genoa Pedestrian Bridge

The Genoa Pedestrian Bridge was opened to the public on 17 May 2022. The replacement of the historic bridge - destroyed in the 2019-20 bushfires – has re-established the pedestrian link between Genoa and the Genoa Wayside Stop and was funded by Council at a total cost of $1.68m.

The bridge is made from steel reinforced concrete with the design being created via both the Council and local community members to ensure that the design was appropriate for the location.

The inclusion of a steel truss structure that is painted white mimics the former heritage bridge that was destroyed.

Bairnsdale Skatepark

Stage 2 upgrades included new concrete footpaths and footpath connections throughout the area and connecting the skatepark to the All-Abilities Playground, installation of new light poles and CCTV cameras, and shelters.

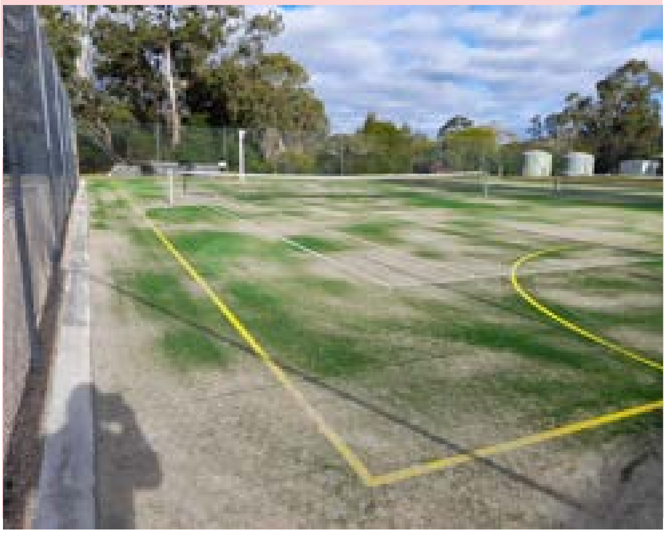
The project is funded by the Australian Government ($238,000) and Council ($230,000).

Moroney Street, Bairnsdale upgrade – Stage 1. The upgrade was completed in May with the project works consisting of a complete reconstruction of the road including the kerb and channel, stormwater drainage and the replacement of the existing property driveways with existing materials, signage upgrades and improved parking complete with rehabilitated nature strips.

The project was funded through the Roads to Recovery grants program ($1m). This upgrade focused on improving road safety and upgrading drainage for the adjacent properties and roadways, and improved the parking conditions near the school and kindergarten.

The upgrade for the Marlo Triangle Park playground was funded by Council ($300,000) and the Victorian Government ($115,000). The project has created an engaging playground suitable for a variety of ages that complements the natural characteristics of Marlo. It includes renewed playground equipment, a new barbecue area and seating, and landscaping to better compliment the native characteristics of Marlo.
Council also worked with Rural Roads Victoria to implement a safe pedestrian crossing on Marlo Road, completed late March. The playground was reopened to the public in May.

The $355,000 Genoa Tennis Court upgrade was multi funded by Bushfire Recovery Victoria ($185,000), the Department of Infrastructure ($160,000) and Council ($10,000). Completed in June and was officially handed over to the Genoa Sports and Recreation Committee for the public to use, the upgrade included rebuilding the two community tennis courts and replace them with two compliant tennis courts that will also provide opportunities for informal basketball and netball.
Rebuilding the courts has included an added sustainable foundation for longevity that has been aided by the installation of a root barrier to protect the courts.



Recreational boating at Lakes Entrance is continuing to grow in popularity due to growth in recreational fishing and the emergence of new opportunities in offshore game fishing. The North Arm Boat Ramp project upgraded the jetty, boat ramp, fish weighing stations and related infrastructure.
This project was funded by Council ($453,000) in conjunction with the Victorian Government – Victorian Fisheries Authority ($200,000) and Better Boating Victoria ($200,00).

Significant projects underway

WORLD Sporting Precinct

The new carpark and hockey fields achieved a project milestone at the end of March, with the new carpark south of the kindergarten being opened for kindergarten use.

With these new carparks open, works were able to begin on the new netball courts and parking areas. The main demolition work with waste material hauling off site (for recycling and reuse as base material) was completed in the month of May. Inground services installation will follow, preceding large concrete pours for the new netball courts.

Contractors are working to have these works completed (including the netball courts and hockey fields) by the end of 2022, which will allow for a summer opening of these facilities.

Existing paths around the wetlands will be reopened with added links to new walking paths throughout the precinct.

This $23m project is multi-funded: Australian Government ($6.3m), Victorian Government ($5.65m), Council ($6.2m and a $5m community infrastructure low-interest loan).

Foundations for the hockey pitches at the WORLD Sporting Precinct.

Aerial shot of Buchan's current streetscape.

Buchan streetscape

The Buchan streetscape project aims to boost the tourist economy by improving access to Buchan's town centre and enhancing its appeal, encouraging people to stop and stay in the town. It also aims to increase accessibility for the local community to move around the town more safely and instinctively.

Council has secured $2.8m for this project from the Victorian Government's Local Economic Recovery Program (jointly funded by the Australian and Victorian government). This funding will be used to explore options for improvements and refurbishments such as reconfiguring service roads, optimising car parking, increasing visual appeal of the streetscape and improved street furniture.

Community consultations have been completed and Council is now working through the feedback provided by the community.

Lakes Entrance Slipway Redevelopment Concept design

Lakes Entrance Slipway Redevelopment

The project is to design and construct a redevelopment of the iconic Slipway site located on the Esplanade, Lakes Entrance. The redevelopment works are limited to the installation of a tiered deck over the existing concrete slipway to create a waterfront public space, minor renovations of the two historic winch sheds to enable safe public use, construction of public access amenities including compliant ramps, resurfacing of the existing bitumen hardstand area and upgrading of the onsite power.

This upgrade to the Lakes Entrance Slipway has a total project budget of $1.02m is supported by the Australian and Victorian governments under the Local Economic Recovery Program ($562,000), Australian Government ($400,000), Victorian Government through Creative Victoria ($40,000) and Council ($28,000).

Mallacoota Hall upgrade

This major upgrade to the Mallacoota Hall is funded by Bushfire Recovery Victoria ($818,000). It aims to upgrade the hall to improve its functionality for day-to-day use by relocating the main entry, addressing existing accessibility barriers, redeveloping toilets and change rooms to improve functionality and accessibility, future-proofing the building to prevent bushfire smoke from entering the facility, creating new internal storage space, expanding on the existing kitchen and the creating of additional community and office spaces.

Community consultation for this project was completed late May 2022 and a detailed design is underway.

Works are being undertaken to replace the old and damaged Bullock Island Bridge with a newer modern bridge that will accommodate pedestrians and cyclists with a shared path.

The replacement of the bridge is progressing well with the relocation of services nearing completion along with the road widening section of the works.

The bridge will be complete in time for the Christmas 2022 tourist season.

The project is funded by the Australian Government ($5m) for bridge replacement and associated works through the Victorian Infrastructure Investment Program.

The Omeo Justice Precinct includes a large amount of works for both the Old Court House and the New Court House, with the works aiming to conserve and protect the historically significant buildings. These upgrades are jointly funded ($200,00) by Heritage Victoria and Council.

Bruthen streetscape

The project will remove unsafe intersections, widen carriageways to accommodate safe heavy vehicle movement and parking, improve parking, introduce pedestrian safety measures, enhance the main street gardens area, refresh street furniture, install new pedestrian paths to better connect destinations within the town centre and upgrade one of eastern Victoria's most used public toilets.

Community consultations have been completed for this project and the feedback has been reviewed, with landscape design underway and discussions underway with Rural Roads Victoria regarding contractors and timeframes for the construction phase of this project.

The total budget for this project is $1.5m and funded by the Local Economic Recovery Program jointly funded by the Australian and Victorian governments ($1.10m) and Council ($490,000).

Community Resilience and Development Program

Thirty-seven community facilities will be upgraded to operate as relief and recovery centres, with $1m in funding from a Bushfire Recovery Victoria grant program.

There are four unique components to this project:

- Bushfire Attack Level (BAL) assessments to determine the scope for ember protection works
- Switchboard emergency power enabling, including installing generator switching and outlets to enable emergency energy generation, AV supply and installation, and hardware for streaming and connectivity during emergencies
- Ember protection of buildings to make the facility more resilient during a bushfire event.

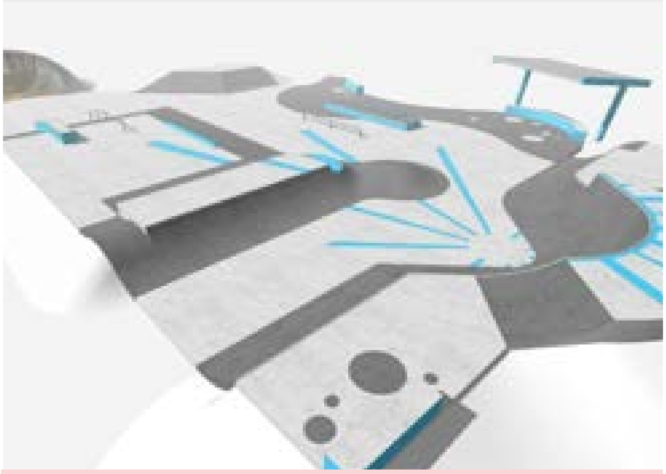
The project is nearing completion having all works including the BAL assessments, switchboard audits, AV supply and installs complete, with final works waiting on ember upgrades to be completed (25 per cent complete throughout the shire and progressing). Works are ongoing through 2022 due to the challenges of both distance and contractor availability.

Mallacoota Skatepark

This project will redevelop the existing Mallacoota Skatepark site as identified within the Mallacoota Youth Group project brief. It incorporates ideas generated by the community to create an informed conceptual design for the much-loved youth recreation space in Mallacoota.

The new design boasts flowing transitions and street areas, including half-pipes, handrails, quarter pipes, a spine (quarter pipes placed back-to-back) and more, as well as shady gardens and landscaping.

The Mallacoota Skatepark redevelopment preliminary designs and the community consultation stages are both complete and the construction contract has been awarded.



Mallacoota Skatepark concept design.

Omeo Mountain Bike Trails – Stage 1

This three-year, $5.5m project aims to transfer the Omeo region into a nationally significant mountain bike destination, promoting economic and social benefits for the community and broader region. At the foot of the trails, in Livingstone Park, a pump track and skills park have already been constructed.

Significant preliminary works have been completed with Stage 1 construction prepared to begin early in the new financial year. This first stage will include; 56 kilometres of cross country and downhill gravity trails, switchback climbs for over 500 meters up nearby Mount Mesley, a loop parallel to the Great Alpine Road which leads to the Historical Oriental Claims area and a descending trail of over 500 vertical meters from Mount Sam summit linking to Mount Mesley and culminating within Livingstone Park.

Council has recently announced the successful funding of Stage 2 by the Victorian Government ($3.2m) and Council ($1.06m). This additional funding will create 65km of bike trails bringing the total connected tracks to 121km.

The Omeo community were on hand to celebrate the announcement of successful funding of Stage 2 of the Omeo Mountain Bike Trails, with the Victorian Government contributing $3.2m and Council $1.06m

Major Changes

Below are major changes that were introduced as per clause 13 of the East Gippsland Shire Council Enterprise Agreement.

1. The Bushfire Recovery directorate merged back into existing directorates within East Gippsland Shire Council. Council Enterprises moved from Place and Community to Assets and Environment and Regulatory and Compliance Unit moved from Place and Community to Business Excellence.
2. The Manager People and Capability oversees the Human Resource functions across East Gippsland and Wellington shire councils. This arrangement has formed under a Memorandum of Understanding between both councils.
3. EBA No 6 was approved by the Fair Work Commission in 2022.

Major Achievements

Planning Institute of Australia Award for Excellence in Innovation

The Planning team at East Gippsland Shire received both the Victorian and National Planning Institute of Australia Award for Planning Excellence for Innovative Processes. The award recognised the unique partnership between East Gippsland Shire Council and Brimbank City Council in the sharing of planning staff, which has provided benefits for both councils and has contributed significantly to output and professional development.

At the Planning Institute of Australia Awards for Planning Excellence, Brimbank City Council planners Susan Fitton and Eunice Wong celebrated with (on mobile) East Gippsland Shire Council's Statutory Planning Coordinator Robert Pringle and daughter Hannah.

Small Non-PRT Regional Aerodrome of the Year

Orbost Airport received a national award, being crowned Small Non-PRT Regional Aerodrome of the Year at the Australian Airport Association's National Airport Industry Awards 2021.

Small Facility Management of the Year Award

The Lakes Entrance Aquadome won the Small Facility Management of the Year Award at the Aquatic and Recreation Victoria Industry Awards. This award was for the 2021 financial year, but due to COVID-19 gathering restrictions the award event was held in January 2022.

The Aquadome was nominated for its resilience and community empathy during the bushfires and COVID-19. The facility also was commended for its initiatives and programming to keep members and community utilising the facility during recent challenging times, in particular aquatic education and water safety programs. These included information and fun packs for home schooling, instructors visiting schools to teach water safety when students could not travel to the pool.

IPAA Victoria Top 50 Public Sector Women Awards. Our General Manager Assets and Environment was recognised as one of only three local government employees in the 2022 Top 50 Public Sector Women Awards for her leadership and contributions during the COVID period. Chief Executive Officer Anthony Basford congratulates General Manager Assets and Environment, Fiona Weigall on her inclusion in the IPAA Victoria Top 50 Public Sector Women.

Matt Tyter, Mandy Clarke, centre coordinator Kelly Smart, Paul Etheridge, Ryan Halford and Samantha Stephenson celebrate the Lakes Entrance Aquadome''s Small Facility Management of the Year Award.

The $1.68 million Genoa Pedestrian Bridge was officially opened to the public in May. The previous bridge destroyed in the 2019-20 bushfires. Pictured: Mayor Cr Mark Reeves cuts the ribbon with Wilma Becker, the oldest resident in Genoa.

Civic Events

As part of its civic leadership role and commitment to active community engagement, Council recognises the importance of community involvement and celebrating achievements by hosting civic events, including citizenship ceremonies, project openings and announcements, and engagement programs.

During National Volunteer Week 2022, the East Gippsland Volunteer Honour Roll was launched to recognise the contribution and years of volunteering of local community members. The honour roll is a permanent listing that features on our website and complemented the National Volunteer Week recognition events.

Three major community projects were officially opened, with engagement opportunities included attendance at local shows / field days.

Council's presence at the East Gippsland Field Days this year included partnering with local producers while highlighting Council services.

Events were well attended by the community and stakeholders. These events were actively promoted and celebrated through our media channels and local media outlets.

Mallacoota Community Clubrooms Official Opening
11 July 2021

Community Panel Recognition Event (tree planting), Bairnsdale
26 October 2021

East Gippsland Australia Day Awards, Nowa Nowa
22 January 2022

International Women's Day – online guest speaker and film screening
8 March

Orbost Show and Landcare Expo
14 March 2022

East Gippsland Field Days
8 and 9 April 2022

East Gippsland Volunteer Recognition Events
16 and 18 May 2022

Tambo Crossing Community Facility Official Opening & East Gippsland Volunteer Recognition Event, Tambo Crossing
20 May 2022

Genoa Pedestrian Bridge Official Opening
28 May 2022

Omeo Mountain Bike Trails Stage 1 Sod Turn and Stage 2 Funding Announcement
10 June 2022

Australia Day Awards

More than 200 people at the Nowa Nowa Recreation Reserve on Saturday 22 January celebrated the outstanding contribution of more than 30 individuals and community events at the annual East Gippsland Australia Day Awards.

Held in Nowa Nowa for the first time, the awards included a welcome to country by Gunaikurnai elders Aunty Sandra Patten and Uncle Lenny Hayes, a flag unfurling by the Bairnsdale Scouts (on a flagpole the Scouts erected on site for the day), songs from the Nowa Nowa Men's Choir, and a keynote address from visiting Australia Day Ambassador Paul Wheelton AM. Twin Rivers Lions Club had the sausages and bacon and egg rolls sizzling throughout the morning.

Stan and Ann Barker were named East Gippsland's Citizens of the Year, congratulated by Mayor Cr Mark Reeves.

Paris Davis, pictured with Mayor Cr Mark Reeves, took out the Young Citizen of the Year for her dedication to assisting young people to benefit their health and wellbeing.

The East Gippsland Winter Festival was named East Gippsland's Community Event of the Year.

Citizen of the Year – Ann and Stan Barker

Ann and Stan Barker, of Lakes Entrance, were announced as Citizens of the Year for their extensive volunteer work. Founders of the Bushfire Recovery Project, Ann and Stan have potted over 6,000 native plants and trees and distributed across the East Gippsland region to those affected by the bushfires.

Young Citizen of the Year – Paris Davis

Paris Davis has been volunteering as Youth Leader for Gipps Youth Club at Orbost for the past four years, encouraging young people to participate in health and lifestyle programs and activities to benefit their health and wellbeing.

Community Event of the Year – East Gippsland Winter Festival

The inaugural East Gippsland Winter Festival brought the community together and encouraged collaboration. The entire festival was designed around promoting the region — not one individual event. This included promotion of towns right across East Gippsland as well as local restaurants, wineries, breweries, chefs, producers, studios and galleries, and tourism operators.

Tourism continues to be important to East Gippsland's local economy, with Lakes Entrance receiving a major influx of visitors during peak seasons. Domestic visitation to East Gippsland was up 24% from last year.

3

Our Council

East Gippsland's unique qualities are both its strength and challenges. The region is distinguished by its natural setting, with its southern edge defined by the Gippsland Lakes and rugged coastline and the rising backdrop of the High Country.

Historical rural landscapes and natural bushland areas characterise the region and surround its communities. These attributes are key drivers for the region's healthy and growing tourism industry.

Regional Profile

East Gippsland communities have developed and diversified, with an abundance of local producers. Fruit and vegetables, beef, lamb, seafood, milk, eggs, fibre and nuts are all grown in this diverse growing region. With its fertile soils, good rainfall and temperate climate, East Gippsland is a food bowl for Australia, producing fresh fruit and vegetables all year round.

East Gippsland has continued to experience significant economic disruption over the past 12-months because of COVID-19, including the impacts of restricted movement across the state and around the country.

While metropolitan lockdowns eased, state borders re-opened and social gathering restrictions were lifted during 2021-22, work from home recommendations remained in place and continued to drive unprecedented interest in the lifestyle afforded by regional living. This resulted in increased property values and real estate sales and a tightened housing rental market across East Gippsland.

Economic stimulus packages released by the Victorian Government in response to COVID-19 encouraged outdoor activation and supported business to offer their services in COVID safe conditions, however ongoing supply and labour shortages continue impacting business and service continuity.

Buy local campaigns *"Celebrate where you live"* and launch of the *'East Gippsland Farm Gate Trail'* delivered by Council provided additional stimulus for local spending with the retail sector which has been significantly impacted by prolonged disruptions and uncertainty within the current economy.

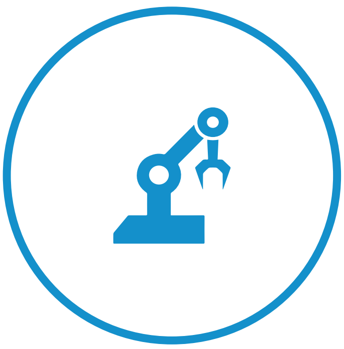
Tourism continues to be important to the local economy and Council contributed to recovery campaigns encouraging regional travel. This sector has responded well and has shown positive indicators of recovery.

Domestic travel demand resulted in an 24.2% increase of visitors in the 12 months to March 2022 and total visitor expenditure increased by 57.8% for the same period. International visitation to East Gippsland remains negligible due to the slow recovery of international travel to Australia and this trend is likely to continue for some time yet.

Consumer sentiment remains positive with resident local spending sustained at $630m reflecting strong support for businesses through purchasing locally. Ongoing support for local businesses will be important in the year ahead as the economy periodically tightens with rising interest rates in a bid to reduce inflation.

Council continues to respond to the needs of East Gippsland's business communities, delivering assistance and facilitating connections with the relevant agencies, funding programs, business mentoring and skill development.

Total of 16,539 jobs, with unemployment at 6.3% (March 2022)*



Top five industries by Gross Revenue Generated:
Manufacturing (17.5%); Construction (12.7%); Agriculture (11.7%); Rental/Hiring & Real Estate (10.9%); and Healthcare (6.6%)

Top five industries by employment:
Healthcare (16%); Retail (12.1%); Agriculture (9.7%); Accommodation & Food Services (9.3%); and Education (9.2%)

$ 2.667 billion

Total GRP (ABS June 2021 Gross State Product)

In Eagle Point, the presence of the lake and Mitchell River Silt Jetties provides an important asset for both residents and visitors alike to explore and enjoy its natural setting. Pictured: Eagle Point jetty.

Council's event staff were instrumental in delivering the successful Rural Recharge Community Concerts.

Events

Victorian COVID-19 restrictions on events eased incrementally during 2021-22. Council proactively supported events that could proceed within set COVID-19 restrictions and those that experienced postponements and cancellations during the restrictions by providing latest restriction updates and COVIDSafe event management support.

Council continued to coordinate and support events in our region through permits and sponsorship with:

- 319 individual events
- Issued 100 event permits
- Secured two new events to the region during off-peak periods
- Sponsored 14 events through the Regional and District Events Sponsorship (RADES)
- Supported seven Australia Day town events
- Supported Bairnsdale Anzac Day Commemoration Services
- Lakes Entrance Foreshore Summer Carnival
- Conducted two networking dinners which saw the launch of Events Make Good Business tool kits in Bairnsdale and Lakes Entrance

Mayor Cr Mark Reeves (pictured at Orbost with Wing Commander Mel Buswell of RAAF Sale), Councillors and senior staff represented Council at Anzac services held across East Gippsland.

Council invested $74,500 in sponsorship of 15 regional events and providing a return on investment (ROI) of 26.5:1 (or $1.649m of economic benefit). This represents a significant increase from the previous year where the ROI was calculated at 7.5:1, attributed to the impacts of restrictions imposed by COVID-19.

Council endorsed the Event Action Plan 2021-2026 in October 2021. The RADES program was discontinued following round two of 2020-21 funding granted, although Council will fulfill commitments to support previously awarded grants over the coming years. RADES is to be replaced by the endorsed program Pathways to Growth, from the Event Action Plan 2021-26 to support and encourage visitation to our region.

Council secured $190,000 under the Commonwealth Government's Regional Tourism Bushfire Recovery Grant program. Periods of COVID-19 lockdowns disrupted program implementation, postponing events up to a year. Two of the Omeo bike events and Under the Surface, public arts trail along the East Gippsland Rail Trail, are now complete. Two events remain to be delivered from the program.

Council ran the East Gippsland Business Awards in August, with the winners' presentation held on 25 November. The awards successfully attracted 56 applicants, had 25 finalists, and 12 winners including Business of the Year and two encouragement awards. The 2021 awards were supported by 15 category, media, and venue sponsors, as well as Federation University as the naming sponsor.
See events list over page.

East Gippsland Winter Festival - Lakes Entrance Lantern Parade.

Keynote address from Australia Day Ambassador, Mr Paul Wheelton AM at the Australia Day Awards event in Nowa Nowa.

East Gippsland Business Awards 2021

Event highlights for year to which Council made a financial contribution include:

Dates	Event	Supported by Council
19 June – 11 July 2021	East Gippsland Winter Festival	RADES
11 July 2021	The Final Feast @ Laneway3875	RADES*
21 - 22 July 2021	Vic Bream Classics 2021 Round 4	RADES
9 - 10 October 2021	Vic Bream Classics 2021 Round 5	RADES
26 – 28 November 2021	X-Marathon	RADES
27 – 28 November 2021	Vic Bream Classics 2021 Grand Final	RADES
27 November 2021	Deep in the Weeds	RADES
23 December 2021 – 27 January 2022	Lakes Entrance Summer Carnival	
26 January 2022	Australia Day events	Sponsorship
29 – 30 January 2022	Professional Golfers Association Pro-Am Legends	Sponsorship
4 - 6 February 2022	Hobie Kayak Bream Series	RADES
18 – 20 February 2022	Bruthen Blues and Arts Festival	RADES
25 - 27 February 2022	Paynesville Music Weekend	RADES
16 March 2022	Rural Recharge Community Concert - Buchan	Sponsorship**
17 March 2022	Rural Recharge Community Concert - Mallacoota	Sponsorship**
19 March 2022	Omeo Pump Track Shootout	Sponsorship**
26 - 27 March 2022	Vic Bream Classics 2022 Round 1	RADES
25 April 2022	Anzac Day Bairnsdale	
30 April – 1 May 2022	Vic Bream Classics 2022 Round 2	RADES
7 May 2022	Frostbite Gravel XL	Sponsorship**
23 May 2022	Under the Surface - East Gippsland Public Arts Trail	Sponsorship**
10-13 June 2022	Lakes Country Cruise	RADES
17 June – 10 July 2022	East Gippsland Winter Festival	RADES

*Indicates a new event Council attracted to the region.
** Indicates an event supported by Council and received grant sponsorship from another Government organisation

Your Councillors

The East Gippsland Shire Council is an unsubdivided municipality consisting of nine Councillors, who represent the whole shire and its diversity.

A new Council was elected and sworn in on 17 November 2020. The Council consists of seven new Councillors and two Councillors returning from the previous Council. The elected Council is responsible for providing leadership for the good governance of the shire by setting the strategic direction for the shire. Councillor Mark Reeves of Marlo was elected Mayor at the Statutory Meeting held in October. Cr Reeves was Deputy Mayor under Cr Mendy Urie last year. Cr Arthur Allen of Lakes Entrance was elected Deputy Mayor.

Elected in 2020, Council is now in the second year of its four-year term.

Cr Mark Reeves
Mayor

Previous elected terms
2012-2016; 2016-2020
Served as Mayor
2013-2014

Cr Arthur Allen
Deputy Mayor

First elected
October 2020

Cr Sonia Buckley

First elected
October 2020

Cr Tom Crook

First elected
October 2020

Cr Jane Greacen OAM

First elected
October 2020

Cr Trevor Stow

First elected
October 2020

Cr Mendy Urie

Previous elected terms
2005-2008; 2008-2012
Served as Mayor
2006-2009; 2020-21

Cr Kirsten Van Diggele

First elected
October 2020

Cr John White

Previous elected terms
2016-2020
Served as Mayor
2019-2020

With Council's new Mutual Respect Charter, there are now a set of key principles for providing a safe and respectful workplace. The charter commits Council to being accessible and responsive to the community and members of the public, to value respectful relationships with community and customers, and to respond to community member requests in a timely, fair and open manner.

4

Our Organisation

Council's staff are one of its most valuable resources. The organisation has a commitment to being an employer of choice, with a focus on attracting and retaining staff to ensure a high level of customer service delivery.

Executive Leadership Team

The Chief Executive Officer is employed by and reports to the elected Council. The Chief Executive Officer manages the staff and resources of Council, as legislated by the *Victorian Local Government Act 2020.*

Organisation chart as at 30 June 2022:

Chief Executive Officer
Anthony Basford

General Manager Assets and Environment
Fiona Weigall

- Manager Asset Planning
- Manager Capital Projects and Plant
- Manager Council Enterprises
- Manager Community Facilities and Open Space
- Manager Sustainability and Waste Minimisation
- Manager Works

General Manager Business Excellence
Peter Cannizzaro

- Manager Customer Experience and Communications
- Manager Finance
- Manager Governance
- Manager Information Services
- Manager People and Capability
- Manager Regulatory and Compliance Services

General Manager Place and Community
Stuart McConnell

- Manager Bushfire Recovery Coordination
- Manager Community Engagement and Resilience
- Manager Economic Development and Tourism
- Manager Emergency Management
- Manager Planning

Council's Community Laws team provides a valuable service in maintaining community safety.

Staff Profile

The *Local Government Act 2020* requires the establishment of a 'Code of Conduct' for Council staff. Under the code, staff are required to:

- act impartially
- act with integrity and avoid conflicts of interest
- accept accountability for results
- provide responsive service.

The Code of Conduct provides a set of guidelines that connect staff decision-making, behaviour and actions to the vision, objectives and standards of the organisation. It is designed to guide staff on the standards expected of them as they carry out their work. Those standards include honesty and integrity, and commitment to treating all people with courtesy and respect.

Total staff numbers

The figures below represent the organisation's total staff numbers, including casuals, limited-tenure staff and excluding staff on parental leave. The full-time equivalent (FTE) positions as at 30 June 2022 were 359.63, including casuals.

Year	Total Staff*	FTE
2021-22	561	359.63#
2020-21	560	403.00#
2019-20	536	289.75
2018-19	516	305.11
2017-18	497	316.23
2016-17	458	317.16
2015-16	472	301.08
2014-15	474	305.42

** Total staff including casuals and limited-tenure staff. Excluding the CEO and staff on parental leave.*

 # Staff FTE numbers included limited-tenure Bushfire Recovery and 'Working for Victoria' staff, other limited-tenure roles and a calculated component for casuals and capitalised roles

Total staff numbers by salary band and gender*

Employment Classification	Total Staff	Female Total Staff	Male Total Staff	Self-described Gender Total Staff
Band 1	27	16	11	0
Band 2	22	9	13	0
Band 3	187	88	98	1
Band 4	102	76	26	0
Band 5	63	47	16	0
Band 6	79	47	32	0
Band 7	54	27	26	1
Band 8	10	5	5	0
Senior Executive Officer / Senior Officer	17	8	9	0
Total	**561**	**323**	**236**	**2**

Job level by gender

Job level	Total staff	Female	Male	Self-described Gender
CEO	1	0	1	0
General Manager	3	1	2	0
Manager	14	7	7	0
Coordinator	35	20	15	0
All other staff	509	295	211	2
Total	**562**	**323**	**237**	**2**

Staff numbers by directorate*

Staff numbers for each directorate as at 30 June 2022 are:

Work type/ gender	CEO team	Assets and Environment	Business Excellence	Place and Community	Total
Full time – Female	1	31	49	28	109
Full time – Male	0	103	24	10	137
Part time – Female	1	32	43	25	101
Part time – Male	0	38	11	0	49
Casual – Female	0	84	21	8	113
Casual – Male	0	44	3	3	50
- other	0	1	0	1	2
Total	**2**	**333**	**151**	**75**	**561**

** Total staff including casuals and limited-tenure staff. Excluding the CEO and staff on parental leave.*

Jessica is undertaking a Traineeship with the Parks and Gardens team while completing a Certificate III in Horticulture.

People and Culture

Learning and Development

Despite a challenging beginning to the year, Council has continued to provide staff-development training through its organisational development and human resource programs, as well as other support programs.

Training sessions for staff across council included;

- Positive Culture
- Early and Often Injury Prevention Management
- Don't Shoot the Messenger
- Supporting the Supporters
- Communicating with Communities Under Stress
- Unshakeable in Lockdown
- Making the Link

Training of staff continues to be of high priority and changes have been made where necessary to facilitate online learning in accordance with the limitations presented by COVID-19 restrictions around conducting face-to-face training.

As restrictions have eased, there has been an increase in the number of staff attending industry specific conferences.

Council currently has traineeship programs across a range of services, being the host employer to trainees in our Livestock Exchange, recreational facilities, two trainees in administration and two trainees in our Parks and Gardens team, bringing the total number of trainees to six. As part of the program, the trainees complete a certificate level course, spending time in the workplace and time with an external training provider. Two trainees who commenced in 2021 graduated from their traineeships by successfully completing a Certificate III in Business Administration.

Workplace Health and Safety

Council is committed to the safety, health and wellbeing of its employees and continual improvement in workplace health and safety performance. After a positive response from an internal audit of the Safety Management System, Council is further refining its systems to address the opportunities of improvement as identified.

Council actively managed the occupational health and safety performance and risks associated COVID-19 virus and variants, and continues to adapt as to not adversely affect the services to the community while maintaining a safe as practicable workplace.

An extensive review of current occupational health and safety practices was initiated which has identified opportunities to improve Council's safety performance and contribute to improve safety culture and reduce incident rates. Processes are being developed to enhance hazard management and accountability across the organisation in response to the many challenges of having a workforce spread across a large geographic region and diverse range of tasks undertaken on a daily basis. Additionally, in light of the significance of occupational health and safety, there has been an internal restructure and engagement of additional resources to place further emphasis on compliance across the organisation.

In 2021-22:

160

Incidents were reported resulting in 33 injuries, of which 7 resulted in WorkCover claims. There were 4 WorkCover claims lodged that resulted in lost time.

%

WorkCover claims as a percentage of staff is 1.24% for 2021-22.

As part of staff and community safety, Council managed the risks associated with COVID-19 while maintaining a safe as practicable workplace.

Councillors and senior staff supported IDAHOBIT Day with a flag raising in Bairnsdale.

Gender Equality

Council's Workplace Gender Audit results were submitted to the Gender Equality Commission on 23 November 2021 and the Gender Equality Action Plan was submitted on 25 March 2022. Both obligations have been deemed compliant under the *Gender Equality Act 2020* (the Act) by the Commission for Gender Equality in the Public Sector.

The Gender Equality Action Plan is available on our website. The plan addresses the outcomes of our baseline Workforce Gender Audit and articulates the agreed strategies that Council will undertake as an organisation to improve workplace gender equality. It has been developed to meet both our legislative requirement under the Act and our need and responsibility to lead and support change within both our organisation and the wider community.

Gender Impact Assessments are being promoted and starting to be completed for priority initiatives across Council policy, programs and services, and included in key policy templates and documents.

Officers and Councillors attended the Local Government Rainbow forum and supported the attendance of the local HEY (Healthy Equal Youth) facilitator as a key partner. International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT) day was supported by Council staff and the Youth Ambassadors and FReeZA led initiatives and community activities to support social engagement, awareness raising and service connection. Youth Ambassadors and FReeZA are lead partners in the development of the local Rainbow ball events.

Equal Employment Opportunity Program

Council's Equal Employment Opportunity Program is designated to eliminate discrimination against and promote equal opportunity for women and people in designated groups for employment matters.

The objective of Council's Equal Employment Opportunity Program is to ensure there is no discrimination relating to the characteristics listed under the *Equal Opportunity Act 2010* such as race, colour, sex, marital status, parenthood, physical or mental impairment, age, religious or political affiliation, gender identity and sexual orientation. Further objectives include ensuring the workplace is free from bullying and harassment.

The indicators that measure the effectiveness of the program and the results for the year are:

- Percentage of new employees receiving equal opportunity training within six months of commencement. Target: 100%. Result: 100%
- Percentage of existing employees receiving refresher equal opportunity training at least every two years. Target: 100%. Result: 100%
- Number of contact officers per employee. Target: 1:50. Result: 1:64

Preventing Violence Against Women

Making The Link Training, Recognise, Respond and Refer (3 Rs) training and Bystander Training was made available for all staff to develop awareness and understanding of how the drivers of violence against women can be identified and how we can work to prevent them.

Council continues to be an active partner of the Victorian, regional and local areas prevention of violence against woman networks and supported the development of the East Gippsland Partners in Prevention of Violence 10-year Plan, collaborative activities as part of the 16 Days of Activism campaign and National candlelight vigil. Council also celebrated International Women's Day – Breaking The Bias – through inviting guest speakers, sharing staff pledges and hosting a free community screening of the influential feature film, The Leadership.

Council has hosted Watercolour for Wellbeing workshops through office of Woman Prevention of Violence Against Woman in bushfire affected communities funding and supported further funding application through Bushfire Recovery Victoria and Better places Australia to deliver additional workshops across East Gippsland.

Lilly Hodge (Youth Engagement Project Officer) and Rachel Wade attending the screening of The Leadership at the Sun Cinema Bairnsdale on International Women's Day.

Customer Service Officer, Andrea Dorning at the Lakes Entrance Service Centre reading during Storytime.

5

Our Performance

This part of the Annual Report provides a summary of how we are performing in the delivering the five strategic objectives of the Council Plan 2021-25.

Council measures its performance against goals and strategic objectives outlined in the Council Plan, with a focus on the themes:

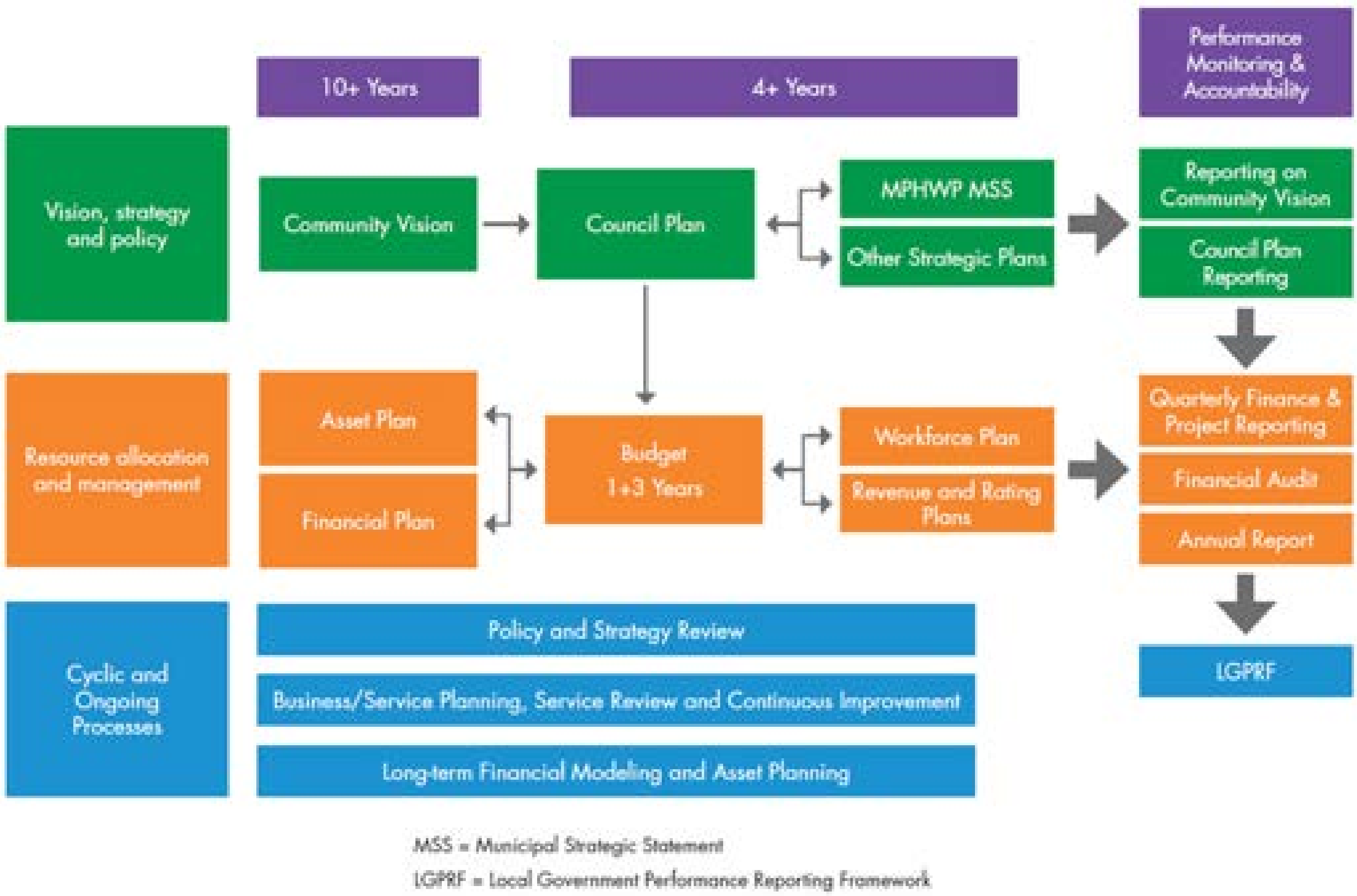
- An inclusive and caring community that respects and celebrates diversity;
- Planning and infrastructure that enriches the environment, lifestyle, and character of our communities;
- A natural environment that is managed and enhanced;
- A thriving and diverse economy that attracts investment and generates inclusive local employment; and
- A transparent organisation that listens and delivers effective, engaging and responsive services

Strategic Planning Principles

The Strategic Planning Principles are found in part 4 (clause 89) of the *Local Government Act 2020 (the Act). The Act* requires of Council that:

- an integrated approach to planning, monitoring and performance reporting is to be adopted;
- strategic planning must address the Community Vision;
- strategic planning must consider the resources needed for effective implementation;
- strategic planning must identify and address the risks to effective implementation; and
- strategic planning must provide for ongoing monitoring of progress and regular reviews to identify and address changing circumstances.

This diagram shows the relationships between the key planning and reporting documents that make up the integrated planning framework for local government.



Council Plan

The Council Plan 2021-25 includes strategic objectives and strategies for the four-year period. It also includes strategic indicators for monitoring achievement of the strategies, which links to section two of the Annual Budget 2021/22 that shows the financial and other resources required to deliver the Plan. The following are the strategic objectives documented in the Council Plan.

An inclusive and caring community that respects and celebrates diversity
1.1 - Council strives to provide equitable access to their services, support and facilities
1.2 - Collaboration with key stakeholders fosters the cultural, arts and creative communities for all activities Council has facilitated or financially contributed to
1.3 - Community groups and volunteers are acknowledged, promoted and supported
1.4 - Through targeted services, partnerships and advocacy, communities enjoy strong mental and physical health, well-being and resilience
1.5 - Strong working relationships are further developed with Aboriginal people and organisations
1.6 - Council is culturally and linguistically inclusive and celebrates diversity

Planning and infrastructure that enriches the environment, lifestyle, and character of our communities
2.1 - Statutory and strategic planning for land use delivers sustainable outcomes that balance the need for growth with the enhancement of our lifestyle, character, the built and natural environment
2.2 - Infrastructure provision and maintenance supports a diverse range of current and future user needs and activities and is both environmentally and financially sustainable
2.3 - Planning with local communities for natural disasters and emergencies strengthens capacity, infrastructure, resilience, preparedness, and recovery

A natural environment that is managed and enhanced
3.1 - Council works to reduce its own and the communities carbon emissions while supporting the community to mitigate the impact of a changing climate on the environment, safety, health and lifestyles
3.2 - Sustainable land use practices are used to manage council land to protect biodiversity and to provide education and incentives to support the management of private land
3.3 - Natural values on key Council managed land are managed and enhanced
3.4 - Environmentally and financially sustainable practices reduce waste going to landfill

A thriving and diverse economy that attracts investment and generates inclusive local employment
4.1 - Leadership enables economic prosperity, investment, recovery, resilience and growth
4.2 - Collaboration amongst key partners is facilitated to improve pathways for education and skills training
4.3 - Council's work with stakeholders fosters entrepreneurship and new business opportunities, particularly with communities facing change
4.4 - Targeted information and streamlined approvals and processes make it easier for business to invest
4.5 - Tourism sector investment is sought in business capability, product development and experience to meet the changing needs of domestic and international markets
4.6 - East Gippsland's natural strengths in agriculture and natural resource-based industries are enhanced to increase value, employment, sustainability and resilience

A transparent organisation that listens and delivers effective, engaging, and responsive services
5.1 - A better everyday customer experience is created for our residents and visitors
5.2 - Strong relationships with government, partners and stakeholders are maintained and strengthened to advocate for the community
5.3 - Communities are engaged in decision-making and support is provided to develop local solutions to local issues
5.4 - Continuous improvement systems are strengthened, and organisational efficiency enhanced
5.5 - Resources are managed to meet current and future needs and priorities
5.6 - Council attracts, develops, and retains an inclusive workforce to deliver services and priorities

Performance

Council's performance for 2021-22 is reported against each strategic objective to demonstrate how Council is performing in achieving the Council Plan. Performance has been measured as follows:

- Progress on the major initiatives identified in the Annual Action Plan 2021-22 and Annual Budget 2021-22.
- Results achieved for the strategic objectives in the Council Plan.
- Results against the prescribed service performance indicators and measures.
- Services funded in the budget.

The following pages document the performance, achievements and challenges of Council during 2021-22 in each area of five strategic objectives.

Council's new Waste Management Action Plan will seek to achieve a preserved and enhanced natural environment by sending less waste to landfill, adopting environmentally sustainable practices and developing a circular economy by creating new markets for recycled, repurposed and reused products.

Council seeks to provide accessible services to ensure the community can use our facilities.

An inclusive and caring community that respects and celebrates diversity

PROGRESS AGAINST MAJOR INITIATIVES

Major Initiative	Progress
Major Initiative 1 Develop an arts and culture strategy	The development of the strategy did not commence on time due to resourcing issues, however it is now underway with external consultants engaged during the quarter and working to a final delivery deadline of September 2022.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Strategic Indicator	2020-21	2021-22	Target	Comments
Develop a way to capture data that can be used to report on this strategy	Not applicable	**Achieved**	Completed in year 1	With the commitment to conduct access audits in 2022-23, Council has ensured there will be a process to capture this data.
Community satisfaction with recreational facilities	67	**66**	≥ 66	Council's recreation facilities focused on key actions that improve accessibility to all members of our community. Facilities focused on social recovery and community reconnection after a challenging 24 months had impacted access to key health and wellness services.
Number of community organisations / individuals funded through Council's community grants program	25	**30**	≥ 25	Grants were approved over two rounds, with round one funding 11 projects and round two funding 19.
Number of community organisations / individuals funded through Council's arts and heritage grants program	17	**15**	≥ Nine	Round two funding has been approved, with seven projects funded. Eight projects that were funded in round one.

Strategic Indicator	2020-21	2021-22	Target	Comments
Total value of community grants projects funded by Council	$102,191	**$112,335**	> $100,000	Total grant funding was $112,335 over 30 projects. Some major projects that received funding included East Gippsland Historical Automobile Club 50th Anniversary Rally, Recovering and recycling agricultural plastic waste from farm project, and an East Gippsland Women in Agriculture and Business event.
Total value of arts and heritage projects funded by Council	$46,500	**$49,500**	> $45,000	Total grant funding was $49,500 over 15 projects. Some major programs that received funding included Snowy Estuary Sculptures, Art Labs - Workshop series, Stories of Influence, The Trooping to Tongio heritage project and 'Blooming good' exhibition.
Develop a survey to capture community group satisfaction with Council support	Not applicable	**Achieved**	Completed in year 1	Questions have been added to the annual survey associated with annual allocation process. These extra questions have been developed to capture Committee of Management satisfaction with Council support.
Number of events held that recognise and support volunteers	Not recorded	**Five**	≥ Five events	National Volunteer Week was used to celebrate local volunteers, including at three celebration events.
Develop health and wellbeing indicators through the development of the Municipal Public Health and Wellbeing Plan that integrate with the Council Plan	Not applicable	**Not achieved**	Completed in year 1	The Municipal Public Health and Wellbeing Plan 2021-25 is being finalised, which will include key health and wellbeing indicators.
Develop an action plan that promotes and facilitates positive relationships between Council, the East Gippsland community and Aboriginal and Torres Strait Islander peoples.	Not applicable	**Not achieved**	Completed in year 1	The development of a Reconciliation Action Plan or a cultural framework and actions is behind schedule and will be developed next year.
Percentage of new employees who participate in Culture Awareness training	Not recorded	**61.19%**	100 %	Council delivered cultural awareness training in July attended by 235 employees. Due to the timing, new employees commencing after this training received cultural awareness training through the corporate orientation, where a cultural awareness video is presented.
The number of multicultural people / groups engaging with Council	Not recorded	**Five**	Baseline developed year 1	Ongoing engagement occurs in the Together East Gippsland group, which allows Council to engage and connect with multicultural groups within the region.
The number of multicultural events supported by Council	Not recorded	**Two**	Baseline developed year 1	Both Diversity and Refugee weeks were supported with social media, and themed storytime, workshops and feature film screening at library service centres.

LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

The Victorian Government's compulsory service measures for all Councils that are relevant to this goal are shown below:

Indicator / *Measure*	Results 2018-19	2019-20	2020-21	2021-22	Comments
Animal Management					
Timeliness *Time taken to action animal requests*[1]	3.42	2.60	2.60	1.49	A full team of Community Laws Officers has been able to maintain a reduced average time to action a request and provide a more responsive service to the community.
Service standard *Animals reclaimed*[2]	57.96%	28.10%	23.24%	27.19%	Although there was an increase in the reclaimed rate from last year's result, this still remains low due Council trying to reunite registered animals with their owners before they are taken to the animal shelter.
Service standard *Animals rehomed*[3]	New in 2020	31.86%	38.67%	36.64%	The result is consistent with previous results and historic averages across the state. As part of the new Domestic Animal Management Plan, Council will seek to place a greater emphasis on the adoption or rehoming of domestic animals which enter the animal shelter and are not reclaimed by their owners.
Service cost *Cost of animal management service*[4]	$10.09	$15.11	$12.64	$14.99	The increase from the previous year can be attributed to having a full community laws team, which comes with an increased cost of service.
Health and safety *Animal management prosecutions*[5]	New in 2019-20	100%	0	100%	There were four animal management prosecutions, and Council was successful with all four cases. Prosecutions are conducted on an as needs basis or when required under the *Domestic Animals Act 1994*.
Aquatic Facilities					
Service standard *Health inspections of aquatic facilities*[6]	0	0	0	0	No inspections were carried out by an authorised officer under the *Public Health and Wellbeing Act 2008* as no public health issues were lodged with Council by customers. Council-run pools (when open) are tested by qualified and trained staff five times a day. All Council pools also underwent microbiological water testing by an independent laboratory, with all test results coming back negative.

1 [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]
2 [Number of animals reclaimed / Number of animals collected]
3 [Number of animals rehomed / Number of animals collected]
4 [Direct cost of the animal management service / Number of registered animals]
5 [Number of successful animal management prosecutions / Total number of animal management prosecutions]
6 [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]

Indicator *Measure*	Results 2018-19	2019-20	2020-21	2021-22	Comments
Utilisation *Utilisation of aquatic facilities*[7]	8.31	5.63	4.06	6.07	Attendance steadily increased over the year as COVID-19 restrictions eased and more services and programs were reintroduced in the facilities. For the period 1 April - 30 June, the attendance returned to similar rates experienced before the bushfires and COVID-19.
Service cost *Cost of aquatic facilities*[8]	New in 2019-20	$7.92	$11.69	$7.99	There was a large decrease in the cost to manage aquatic facilities from the previous year. This is due to the facilities being open for the majority of the year, increasing the attendance and user charge income received, which has decreased the cost of service per visit.
Food Safety					
Timeliness *Time is taken to action food complaints*[9]	2.29	1.58	1.77	1.73	The number of food complaints reduced from 35 in 2020, to 22 in 2021. Council was able to provide an efficient service during periods of lockdowns and COVID-19 restrictions.
Service standard *Food safety assessments*[10]	100.56%	107.37%	104.76%	99.46%	Council was able to assess 369 food premises for the year, which produces the result at just under 100%. Given the COVID-19 restrictions and lockdowns, the ability to inspect over 99% of premises is a good result.
Service cost *Cost of food safety service*[11]	$686.71	$768.45	$604.85	$712.70	Having a fully filled Environmental Health team has increased the cost of service from the previous year.
Health and safety *Critical and major non-compliance outcome notifications*[12]	90.48%	85.71%	100%	100%	All major and critical non-compliance notifications for food premises were followed up. For the 2021 period, there were eight critical and major non-compliance notifications.

7 [Number of visits to aquatic facilities / Municipal population]
8 [Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]
9 [Number of days between receipt and first response action for all food complaints / Number of food complaints]
10 [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment by the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment by the Food Act 1984] x100
11 [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]
12 [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x100

Indicator	Results				Comments
Measure	2018-19	2019-20	2020-21	2021-22	
Libraries					
Utilisation *Physical library collection usage*[13]	3.31	2.31	1.76	2.34	The library collection usage has increased from the previous year, although there is still a gap between the results for the years before the bushfires and COVID-19.
Resource standard *Recently purchased library collection*[14]	59.06%	51.97%	52.08%	53.62%	Slight increase in performance, with a process in place to ensure purchasing and deselection have simultaneously continued whilst the new library management system was implemented.
Service cost *Cost of library service per population*[15]	$24.35	$25.22	$22.23	$23.92	A slight increase from the previous year could be attributed to the forced closures and restrictions during 2020-21 year.
Participation *Active library borrowers in the municipality*[16]	19.60%	19.01%	16.88%	13.81%	As this indicator is averaged out over the past three years, this year's result is showing the extended impacts of the Black Summer Bushfires and COVID-19 lockdowns and restrictions.

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2021/22.

Business area	Description of services provided	Net Cost Actual Budget Variance $'000
Arts and Culture	Provides a varied, ongoing program of arts and cultural events that bring our communities together to celebrate our identity and generate ideas. It also provides funding and strategic advice to support the development of arts and culture in East Gippsland.	337 347 **(10)**
Community Laws	Maintains and improves the health and safety of people and the environment. This includes staff at school crossings throughout the municipality to ensure that school children can cross the road safely. Animal management services are delivered in accordance with the *Domestic Animals Act 1994* and include a lost and found notification service, a contracted pound service, registration and administration service, an after-hours service and an emergency service. It also provides education, regulation and enforcement of the General Local Law and relevant Victorian Government legislation.	806 1,022 **(216)**
Community Planning	Supports, encourages and works with residents and community groups to identify their needs and aspirations and how to achieve them with responsive, high-quality services and facilities.	208 346 **(138)**

13 [Number of physical library collection item loans / Number of physical library collection items]
14 [Number of library collection items purchased in the last 5 years / Number of library collection items] x100
15 [Direct cost of the library service / population]
16 [The sum of the number of active library borrowers in the last three financial years / The sum of the population in the last 3 financial years] x 100

Business area	Description of services provided	Net Cost Actual Budget Variance $'000
Community Programs	Support, assist and provide information to the community at all stages of life. They also provide community facilities that enhance social and health outcomes and improve local neighbourhood amenity.	281 604 **(323)**
Community Support	Service agreements are in place with suitable accredited organisations across the shire that provide a range of home and community care services for the aged and people with a disability. Services include home-delivered meals, personal care, transport, dementia care, home maintenance, housing support and senior citizen clubs. The Victorian Government directly funds these organisations for the provision of the specified services and Council makes a financial contribution to the operations of each of the providers.	679 892 **(213)**
Family and Youth Services	Supports preschools, playgroups and early years programs. Support is also provided to suitably accredited organisations that provide Maternal and Child Health services (MaCH). The providers of the MaCH service are directly funded by the Victorian Government for the provision of the specified services and Council provides a financial contribution to the operations of each of the providers.	313 345 **(32)**
Library Services	Provides library and outreach services at six locations within the municipality including mobile library services to its more remote areas. Library services and programs are customer focused and aim to meet the learning and information needs of local communities. Libraries also provide a focal point for the community where they can meet, relax and enjoy the facilities and services offered and increase their participation in community life.	648 977 **(329)**
Performing Arts	Provides performing arts facilities, including the Forge Theatre and Arts Hub in Bairnsdale. A key focus is to deliver accessible programs and events that celebrate our cultural diversity and enrich the lives of our community and visitors.	397 539 **(142)**
Public Health	Maintains and improves the health and safety of people and the environment in accordance with the *Public Health and Wellbeing Act 2008*. It maintains safety, amenity and harmony in the community by coordinating food safety support programs, registered premises inspections, *Tobacco Act 1987* activities and wastewater management. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls and provides an immunisation service.	261 277 **(16)**
Recreation Centres	A wide range of programs and services that contribute to the general wellbeing of the community. This includes opportunities for individuals of all ages, genders and abilities to participate in a variety of health, education, and leisure activities by providing recreational facilities that include indoor and outdoor aquatic facilities, a fully-equipped gymnasium, aqua aerobics and group fitness classes, a stadium and childcare facilities.	2,112 1,815 **297**

Council maintains over 1,300 kilometers of sealed roads.

Planning and infrastructure that enriches the environment, lifestyle, and character of our communities

PROGRESS AGAINST MAJOR INITIATIVES

Major Initiative	Progress
Major initiative 2 Develop an asset management framework to drive Council's capital and maintenance infrastructure investment in a transparent and financially sustainable way	The Asset Plan 2022-32, Asset Management Policy and Asset Management Strategy 2021-25 were formally adopted by Council on 28 June 2022. These strategic documents make up the Asset Management Framework, which aims to ensure that a systematic approach to asset management is adopted to deliver the necessary prudent and efficient outcomes to meet both our corporate and asset management objectives.
Major initiative 3 Develop service standards for the maintenance of asset classes.	The Asset Plan 2022-32, including the six major asset classes and Asset Management Strategy 2021-25, were formally adopted by Council on 28 June 2022. Asset management plans cover road infrastructure, buildings, bridges and major culverts, stormwater drainage assets, open space assets and waste facilities assets. These plans provide the roadmap for achieving value from our assets by optimising cost, risk and performance across its lifecycle.
Major initiative 4 Develop plans that enhance the organisations preparedness and ability to manage and mitigate the impact of natural disasters and streamline recovery	The Municipal Emergency Management Plan (MEMP) was updated and reviewed by the Regional Emergency Management Planning Committee and received a Statement of Assurance. Other initiatives that enhance preparedness and ability to manage and mitigate the impact of natural disasters include: • Strengthened Crisisworks tools to include more robust procedures for all staff to access and utilize - for example situation reports and opening/closing a Mobile Emergency Operations Centre • An improved process for undertaking debriefs post natural event including follow-up actions • Developed procedures and training to ensure criteria is met for recovery funding eligibility.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Strategic Indicator	2020-21	2021-22	Target	Comment
Community satisfaction with planning and building permits	42	**40**	≥ 46	Dissatisfaction is due to delays incurred due to increased planning application workload. A range of feedback, including positive feedback, is received from people directly interacting with Council in relation to planning and building.
Statutory Planning applications decided within required time frames	32.38%	**38.91%**	> 77.5%	The significant increase in the number of planning applications received during the year as a direct outcome of increased economic activity, combined with a backlog of applications from the previous year, has impacted Council's ability to maintain its usual high standard of determination timeframes.
Average time taken to decide Statutory Planning applications	77 days	**89 days**	< 61 days	As a direct consequence of a significant increase in economic activity, including investment because of COVID-19 stimulus, the number of applications received continued at historically high levels (32% higher than 2018-19). The volume and complexity of applications, combined with some gaps in staff resources has led to an increase in processing times.
Council Statutory Planning decisions upheld at VCAT hearing	50%	**75%**	> 60%	Four of Council's planning decisions were appealed to VCAT over the year, with one being upheld, and three were varied by VCAT.
Asset renewal and upgrade expenses as a percentage of depreciation	147.69%	**112.75%**	> 100%	Council aims for this indicator to be at 100% or greater and the result is based on the actual capital works undertaken each year.
Percentage of adopted capital projects completed at the conclusion of the financial year (based on the most recent amended budget)	No data available	**92%**	≥ 80%	The 2021-22 capital works program finished the year with 189 projects, with 56 completed and 118 progressing. Delays with supply of material, COVID-19 and weather impacts meant the schedule of delivery was revised several times during the year. The program ended the year with 92% of projects considered on schedule, in accordance with the revised schedule.
Percentage of sealed roads that meet Council's target condition rating	96.81%	**94.04%**	> 97%	The condition of sealed road assets are assessed every three years and were therefore not reassessed during the period. Additional roads have been added to the register of public roads during the period, with some of these additional roads not meeting the condition standards, reducing the overall rating slightly.

Community satisfaction with appearance of public areas in East Gippsland	69	**58**	≥ 67	The La Nina climate cycle led to a significant amount of rainfall over the year, which had a significant impact on the maintenance of public areas. Following several years of drought with low vegetation growth, the high soil moisture led to high growth across the year. The rain events also led to a major increase in work to repair damaged walking trails, clean-up of parks and play spaces, and weed management. Additional resources were allocated to contractors, staffing and equipment to support increased works, however the extent of the additional growth meant our public spaces could not be maintained to the desired level.
Number of Committees of Management and volunteer groups for Council managed land with a guiding plan	Not available	**Not available**	≥ 10	Work has been undertaken to support and encourage Committees of Management to develop guiding plans, with the key action being the development of the East Gippsland Sporting Facilities Plan. However, working with individual committees on strategic planning and data collection of existing plans has been on hold, as there has been a strong focus on supporting committees in the development of infrastructure projects and grant applications.
Collect baseline data on community recreation reserves and halls asset condition for future years asset condition ratings	Not available	**Achieved**	Achieved year 1	Five site asset condition audits (inclusive all buildings on each site) were undertaken, which entails the building stock what is there, the condition of each item of structure, what services are connected, what equipment is installed, grounds or ovals conditions, is it fit for purpose
Community satisfaction with emergency and disaster management	69	**62**	≥ 66	Council is continuing to work with an impacted community from years of drought, the Black Summer Bushfires, several flood events and the COVID-19 pandemic. Council has progressed several emergency management projects including: • updating Local Incident Management Plans • training for communities to self-deploy emergency assembly areas and emergency relief centres • providing support for local communities through emergency management infrastructure, communications and emergency water supply.
Percentage of communities that need a Local Incident Management Plan have one in place and reviewed annually	Not applicable	**100%**	100%	All communities that need a plan have a current one in place.

LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

The Victorian Government's compulsory service measures for all Councils that are relevant to this goal are shown below:

Indicator / *Measure*	Results 2018-19	2019-20	2020-21	2021-22	Comments
Roads					
Satisfaction of use *Sealed local road requests*[17]	18.71	24.74	33.04	57.37	The result has been negatively impacted by different weather patterns when compared to previous reporting years. More common periods of wet weather and storm events have affected the sealed road network and has limited works on planned maintenance.
Condition *Sealed local roads below the intervention level*[18]	96.79%	97.31%	96.81%	94.04%	The condition of sealed road assets are assessed every three years and were therefore not reassessed during the period. Additional roads have been added to the register of public roads during the period, with some of these additional roads not meeting the condition standards, reducing the overall rating slightly.
Service cost *Cost of sealed local road reconstruction*[19]	$58.85	$62.86	$87.88	$50.89	Council has undertaken larger sectional areas of rehabilitation/ reconstruction works this year to reduce the overall cost per meter for works completed. This approach reduces costs associated with mobilisation, time and the amount of work that would normally occur undertaking small rehabilitation sections
Service cost *Cost of sealed local road resealing*[20]	$5.01	$5.42	$5.76	$6.29	Council has undertaken significant works on roads using new sustainable treatment methods. There is a higher cost associated with using these treatments, however this will be offset by the longevity and serviceability of these roads.

17 [Number of sealed local road requests / Kilometres of sealed local roads] x100
18 [Number of kilometres of sealed local roads below the intervention renewal level set by Council / Kilometres of sealed local roads] x100
19 [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]
20 [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]

Indicator / *Measure*	Results 2018-19	2019-20	2020-21	2021-22	Comments
Satisfaction *Satisfaction with sealed local roads* [21]	49	55	53	41	Council manages almost 1,500km of sealed roads and invests heavily in the maintenance and upgrade of these roads annually. Wet conditions over the past year have had an adverse effect on roads, including Council-managed roads and roads managed by State authorities. he reduction in satisfaction is felt to reflect general dissatisfaction with all roads regardless of who is the responsible road authority, with this reflected in the verbatim comments that accompanied the survey, many of which focused on Department of Transport managed roads.
Statutory Planning					
Timeliness *Time taken to decide planning applications* [22]	38	41	77	89	East Gippsland has experienced a significant increase in economic activity, including investment as a result of COVID-19 stimulus, and as a result the number of applications received continued at historically high levels (32% higher than 2018-19). The volume and complexity of applications, combined with some gaps in staff resources has led to an increase in processing times.
Service standard *Planning applications decided within 60 days* [23]	85.66%	82.44%	32.38%	38.91%	The significant increase in the number of planning applications received during the year as a direct outcome of increased economic activity, combined with a backlog of applications from the previous year, has impacted Council's ability to maintain its usual high standard of determination timeframes.
Service cost *Cost of statutory planning service* [24]	$2,278.66	$1,728.65	$2,266.19	$1,573.60	A decrease from the previous year as additional resources were utilised in 2020-21 to assist with an increase in statutory planning work. Although the workload remains as high, the resources used has returned to normal functions.

21 [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]
22 [The median number of days between receipt of a planning application and a decision on the application]
23 [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100
24 [Direct cost of statutory planning service / Number of planning applications received]

Indicator *Measure*	Results 2018-19	2019-20	2020-21	2021-22	Comments
Decision making *Council planning decisions upheld at VCAT*[25]	25.00%	100.00%	50.00%	75.00%	Four of Council's planning decisions were appealed to VCAT over the year, with one being upheld, and three were varied by VCAT.

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2021/22:

Business area	Description of services provided	Net Cost Actual Budget Variance $'000
Asset Maintenance	Provides management and ongoing maintenance of the Council's assets, including 3,033 km of roads, 191 timber and concrete bridges and 24 pedestrian bridges; over 300 km of drains, 186 km of footpath, and 540 km of kerb and channel; numerous playgrounds, parks, gardens, and recreation reserves; three aerodromes; over 4,500 streetlights; 41 public jetties, 19 fishing platforms and 31 boat ramps; and the Raymond Island Ferry.	17,390 13,339 **4,051**
Asset Management	Conducts planning for Council's main civil infrastructure assets in an integrated and prioritised manner to optimise their strategic value and service potential. These assets include roads, laneways, car parks, foot/bike paths, drains and bridges.	492 346 **146**
Building Control	Enforces statutory building regulations under the Victorian Building Code. These include providing advice on building permits and legislation, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.	97 176 **(79)**
Emergency Management	Works collaboratively with relevant stakeholders to help communities prepare for emergency events and natural disasters and, in times of emergency, respond to their needs and help them recover.	500 291 **209**
Emergency Response	Works collaboratively with relevant stakeholders to help communities prepare for emergency events and natural disasters and, in times of emergency, respond to their needs and help them recover.	(423) 3,264 **(3,687)**
Parks and Gardens	Manages and implements open-space strategies and maintenance including mowing, garden maintenance, annual plant displays, weed control and walking track maintenance. It also provides tree maintenance including inspection, pruning and removals.	3,839 5,170 **(1,331)**
Project Management	Project planning, design and delivery of various works within Council's Capital Works Program.	1,423 364 **1,059**
Recreation and Sporting Reserve Management	Responsible for the maintenance and operation of sporting grounds and pavilions and community centres with meeting, function and activity space. Often this work is undertaken in conjunction with community operated committees of management. The service assists in the delivery of strategic sporting outcomes across the municipality through the upgrade and improvement of facilities and the attraction of funding to undertake this work.	792 1,167 **(375)**

25 [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100

Business area	Description of services provided	Net Cost Actual Budget Variance $'000
Statutory Planning and Development Services	Assess planning applications in accordance with the *Planning and Environment Act 1987*, the Planning Scheme and Council policies to ensure that our towns and settlements develop in an orderly and sustainable way. Advice is provided and decisions made about development and land-use proposals, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary.	(11) 806 **(817)**
Strategic Planning	Aims to deliver vibrant, connected and productive places and infrastructure to meet current and future community needs. Strategic Planning advocates for and implements land use policies, plans and standards that guide land use development and promote sustainable design, development and heritage conservation. This is supported through continual reviews and improvements to the East Gippsland Planning Scheme.	319 826 **(507)**
Works	Manages and maintains Council's building infrastructure and assets. It includes Council's vehicles, machinery and equipment and place-based works crews.	253 (10) **263**

Cr Tom Crook with Council's recycling mascot at the Orbost Show and Sustainability Expo.

A natural environment that is managed and enhanced

PROGRESS AGAINST MAJOR INITIATIVES

Major Initiative	Progress
Major Initiative 5 Develop and commence implementation of Environmental Sustainability Strategy with a strong focus and framework for Council and community climate change mitigation measures	The East Gippsland Shire Council Environmental Sustainability Strategy 2022-2032 has been developed and adopted by Council. Implementation of mitigation measures and further consultation with the community will take place over the coming years.
Major initiative 6 Develop Waste Minimisation Action Plan	The Draft Waste Management Action Plan was finalised. This action plan will seek to: • achieve a preserved and enhanced natural environment • send less waste to landfill • adopt environmentally sustainable practices • develop a circular economy by creating new markets for recycled, repurposed and reused products.

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Strategic Indicator	2020-21	2021-22	Target	Comments
Percentage of Council's electricity use from renewable sources	No data available	54.8%	> 10%	On 1 January 2022 Council's electricity accounts switched to 100% renewable as part of the Victorian Energy Collaboration, which significantly increased Council's use of renewable energy.
Reduce carbon emissions from Council operations	5,898	4,043	< 5,281.2	There was a 555 tonne reduction of CO2 equivalent emissions compared to the year before. This includes all sources of electricity, and all mains gas and bottled gas.
Proportion of Council passenger vehicle fleet is electric, hybrid or uses alternate fuel sources	No data available	10.08%	> 10%	12 vehicles in the fleet of 119 - one full electric, 10 hybrid and one alternative fuel source. For solely passenger vehicles (not including the commercial vehicles), the percentage is just under 30%. Additional hybrid vehicles are ordered but world-wide supply delays are being experienced.
Total kilowatt hours output from solar energy systems in East Gippsland	Not recorded	19.6%	> 10%	Since 1 July 2021, solar energy systems across East Gippsland have increased kWh output by 19.6%. This is an increase of 8,605 kWh from the year. Council has supported this increase by promoting grants and rebates, such as from those available through Solar Victoria.
Kilometres of regionally controlled and prohibited weeds treated	127 km	226 km	> 200 km	203km of Regionally Controlled Weeds and 23km of Regionally Prohibited Weeds treated under the *Catchment and Land Protection Act 1994*.
Community satisfaction with slashing and weed control	50	36	≥ 44	The significant reduction in community satisfaction can be attributed to the long and unusual growing season. On the back of years of drought that left roadsides looking more 'untidy' than the community was recently used to. This also reflects the expectation that Council should manage roadsides for visual amenity, when roadsides are managed for fire safety; noxious weed management; and road safety reasons only. A review of actual verbatim responses also reflects the confusion between differing road authority responsibilities, with many of the comments being about roads for which Council is not the road manager. Council's management practices for roadside slashing and weed control have not changed from 2020-21 to 2021-22.

Strategic Indicator	2020-21	2021-22	Target	Comments
A baseline for the quality and quantity of land being managed for 'at risk' habitat, biodiversity purposes, and community safety on Council and private land	Not applicable	Not achieved	Baseline developed year 1	Categorisation of finance accounts to identify spending on environmental management continues to be monitored. Council also worked with Landcare partners to develop some but not all base line data
Total investment in Council managed land to support natural areas	$1.710 million	$2.483 million	> $1.710 million	Expenditure included staff resources, material and contractors and was spread across: environmental works; weed and pest management; erosion management (boat ramps); mosquito control; walking track maintenance; roadside weed control; and specific bushfire regeneration works. This result is higher than 2020-21 due to high use of roadside slashing contractors, weed and pest management and environmental works.
Kerbside collection waste diverted from landfill	53.48%	53.32%	> 52%	The consistent higher result for this indicator is due to the higher volume of green organics collected. This is attributed to the higher rainfall across the year causing more need for garden maintenance and collection.
Community satisfaction with waste management	70	67	≥ 65	Council was able to maintain a high standard of service during the difficult times of COVID. Staff had to be moved across sites and work extra shifts to ensure services remained open. All facilities (landfills, transfer stations and waste/recycle trailers) operated as usual. While kerbside collection and street litter bin services continued with no disruption.
Proportion of construction projects on Council assets that include recycled materials	Not recorded	10%	> 10% of projects	10 projects used recycled materials that are either complete or are in construction at end of financial year. This is in addition to road reseal projects that use a range of recycled rubber materials.
Number of community waste education programs delivered	Not recorded	Six	> Five programs	Six community waste education programs are currently running. They are: • Kitchen2 Compost in Mallacoota • Get Grubby Program • Litter campaign • Compost rebate program • East Gippsland Better Business Program • The big education drive

LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

The Victorian Government's compulsory service measures for all Councils that are relevant to this goal are shown below:

Indicator *measure*	Results 2017-18	2018-19	2019-20	2020-21	Comments
Waste Collection					
Satisfaction *Kerbside bin collection requests*[26]	32.96	42.23	31.47	26.58	This indicator represents the number of requests from the community to replace stolen or damaged bins, change services or have bins repaired. The most common requests are to replace damaged bins, followed up replacing stolen bins.
Service standard *Kerbside collection bins missed*[27]	1.63	1.85	1.37	0.43	Collection trucks have been upgraded with camera technology that can identify when a bin was not actually put out and in the past was called missed and is now recorded as 'bin not out'.
Service cost *Cost of kerbside garbage collection service*[28]	$73.32	$64.83	$61.30	$65.92	Council continues to provide a cost-effective service for kerbside garbage collection.
Cost of kerbside recyclables collection service[29]	$48.88	$71.58	$75.21	$73.01	The cost of kerbside recycling collection remains steady, with a slight decrease from the previous year.
Waste Diversion *Kerbside collection waste diverted from landfill*[30]	51.45%	52.48%	53.48%	53.32%	The consistent higher result for this indicator is due to the higher volume of green organics collected. This is attributed to the higher rainfall across the year causing more need for garden maintenance and collection.

26 [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000
27 [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000
28 [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]
29 [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]
30 [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2021/22:

Business Area	Description of Services Provided	Net Cost Actual Budget Variance $'000
Environmental Management	Identifies and manages broad-based environmental issues on Council-owned or managed land including the Mosquito Management Program, pest plants and animals, and urban waterways.	571 137 **434**
Environmental Sustainability	Develops environmental policy and strategies, coordinates and implements environmental projects, and works with other services to improve Council's environmental performance. Reducing greenhouse emissions and utility use within Council operations are a key priority. This includes community awareness and behavioural-change programs to encourage and support reduced use of energy and resources.	(451) 333 **(784)**
Waste Services	Provides kerbside waste collection of household rubbish, recycling and green waste from households; and manages landfill and transfer station facilities. The service operates and rehabilitates Council's current and legacy landfills, and manages the East Gippsland Waste and Recycling Centre in ways that promote positive waste behaviour in the community and minimise environmental impacts.	5,572 6,519 **(947)**

Council held an Events Make Good Business and industry networking dinner. The evening included local guest speakers and special guest speaker Vicky Lowry from Deniliquin Ute Muster. Pictured: Adam Bloem (East Gippsland Winter Festival), Mayor Cr Mark Reeves, Carina Turner (Simon Anderson Consultants), Lyndel Moore (Destination Gippsland) and Vicky Lowry.

A thriving and diverse economy that attracts investment and generates inclusive local employment

PROGRESS AGAINST MAJOR INITIATIVES

Major Initiative	Progress
Major Initiative 7 Develop the Economic Development Strategy	The project is slightly behind schedule due to resourcing constraints and unanticipated competing priorities. The Draft 10-year Economic Development Strategy 2022-32 has been prepared and is currently out for community and key stakeholder feedback. The accompanying four-year Action Plan is in final stages of draft, with internal consultation underway.
Major initiative 8 Implement the Tourism Events Strategy	Implementation of the action plan has been delayed due to prioritising the backlog of tourism-driving events funded by RADES and other event recovery grants. Progress made on the actions include: • Following a trial, the Gippsland Regional Event Attraction Fund has been established by Destination Gippsland and an agreement with Council is in place • A framework for the new 'Pathways to Growth' event funding program is currently in development, which aims to support up to four home-grown events next year • Several new event organiser resources have been developed to support event organisers, including waste-wise events (environmentally friendly events), Leveraging Events Guide (for business, community groups and event organisers) and an accessible guide (inclusive events) is currently in progress

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Strategic Indicator	2020-21	2021-22	Target	Comments
Proportion of exiting Year 12 students continuing to university education	28.7%	**27.1%**	> 24%	East Gippsland's school leavers had 27.1% of Year 12 graduates in 2021 enrol in Bachelor degree studies at university. *(Source: On Track Report (Victorian Government)*
Proportion of exiting secondary school students undertaking an apprenticeship / traineeship or TAFE training	28.7%	**32.2%**	> 20%	East Gippsland's school leavers had 32.2% of Year 12 graduates in 2021 went on to undertake apprenticeships /traineeships (22.9%) or TAFE training (9.3%). *(Source: On Track Report (Victorian Government))*
Participation in Council run programs delivered to support business growth	Not recorded	**828 attendees**	> 70% uptake	Strong participation by businesses in Council run programs reflects the tailored approach adopted since bushfires and COVID in response to business needs.
Number of new businesses registered	1,343	**1,446**	1,343	1,175 business ABN exits were recorded this financial year (significantly high as a result of COVID-19), however 1,446 new business ABNs registered shows a net positive increase of new 271 businesses for the year. (Source: REMPLAN)
Number of businesses engaged through business facilitation programs	Not recorded	**728**	> 300	A strong response to businesses engaging through business facilitation programs.
Council processing time for event permits, goods on footpath, trading permits, domestic animal business and food premises registrations	Not applicable	**Achieved**	Baseline developed for 2021-22	Baseline was established during 2021-22, which allowed for a target to be set for 2022-23.
Total visitation to East Gippsland (international, domestic and daytrip combined)	1.001 million	**1.244 million**	> 1.300 million	Domestic visitation both day trip and overnight stays has been steadily recovering post bushfire and COVID-19, up 24.2% overall on last year. Although not returned to pre-emergency levels, tracking down 14% when compared to the period year ending March 2019. *(Source: Tourism Research Australia)*
Tourism expenditure in East Gippsland	$345 million	**$545 million**	> $360 million	Total domestic visitor expenditure has exceeded expectation, up 57.8% on last year and representing over a third of all visitor expenditure in Gippsland. *(Source: Tourism Research Australia)*
Number of tourism events held during the low and shoulder season periods	0	**47**	> 100 events	The low and shoulder season period is May to October. There were events cancelled early in the financial year due to the COVID-19 restrictions on events and gatherings.

Number of jobs in the agriculture sector in East Gippsland	1,235	**1,235**	> 1,235	Based on 2021 release of data (note 2022 data not yet available). (Source: REMPLAN)
Value added by the agriculture section in East Gippsland	$169 million	**$169 million**	> $169 million	Based on 2021 release of data (2022 data not yet available). (Source: REMPLAN)
Participation in Council run agriculture sector programs	Not recorded	**992**	> 200 participants	Participation was well above expected levels. The most attended programs include: Agribusiness Development Program, Women in Agriculture Dinner, the Red Meat Conference, and Rural Agency Network Support Service forum

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2021/22:

Business area	Description of services provided	Net Cost Actual Budget Variance $'000
Business Growth	Development of business and industry, including business information services, referrals to other organisations for support, facilitation of industry networking and knowledge sharing events, and facilitation of funding opportunities at all levels of government. It also works with government departments to link businesses to Victorian and Australian government services to support growth and diversification.	55 110 **(55)**
Economic Development	Assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector and provides opportunities for residents to improve their skill levels and access employment.	1,006 1,393 **(387)**
Events	Works with partners to develop East Gippsland's reputation as a recognised events destination through attraction and facilitation of new events and support of existing events. It provides support, resources and training information, and assists with the development of major events that stimulate economic benefits and cultural diversity and enhance the wellbeing of residents.	299 350 **(51)**
Tourism and Visitor Information	Supports the tourism industry and helps promote East Gippsland as a highly sought after visitor destination. Quality visitor information services are provided with the aim of meeting the expectations and needs of visitors.	803 889 **(86)**

Council has welcomed back face-to-face customer interactions following the long period of COVID-19 closures and restrictions.

A transparent organisation that listens and delivers effective, engaging and responsive services

Major Initiative	Progress
Major initiative 9 Implement the Customer Experience Strategy	The customer experience strategy action plan is progressing. Implemented actions for the year include: • Commenced planning for a new system (Civica) to support customer requests • The customer experience benchmarking baseline exercise was completed • The Complaints Management Policy and related procedure was updated to align to the Victorian Ombudsman's guide • A review of Council's Service Centres commenced, which will identify service improvements opportunities • A new after-hours call service was implemented
Major initiative 10 Finalise the community engagement toolkit	The Community Engagement Toolkit is available for staff to access, and work will continue in future to promote this, and to embed its practice within Council operations. The Toolkit will also be reviewed to ensure it reflects current requirements. Place Managers will continue to play a critical role in supporting effective and consistent community engagement practice in future to ensure that Council engages community at a district level and considers local solutions to local issues.

PROGRESS AGAINST MAJOR INITIATIVES

STRATEGIC INDICATORS

The following statistics review the performance of Council against the Council Plan's strategic indicators.

Strategic Indicator	2020-21	2021-22	Target	Comments
Community satisfaction with customer service	65	**63**	≥ 67	Although the overall rating for customer service did not meet the target, the results showed that Council improved its customer service by telephone and in person, two of the most common methods of contact made. We are actively focused on improving customer response timeliness and quality to improve this result. Council's Customer Experience Strategy was developed to drive its commitment to services and proactively accommodates new trends in customer expectations and delivery of great customer experiences.
Community satisfaction with advocacy (lobbying on behalf of the community)	54	**50**	≥ 51	The target was missed by one rating point, showing that the performance did not match the community's expectation. To improve performance, Council has developed an advocacy strategy that provides a prioritised set of initiatives to focus its efforts on delivering the community's priorities. Council has formal alliances with organisations and peak bodies to advocate and influence decisions on policies and funding for the region where Council's priorities align.
Community satisfaction with community consultation and engagement	51	**48**	≥ 51	There are several reasons behind this result falling short of the target which includes: • The COVID-19 pandemic has continued to mean that engagement initiatives have been required to take different forms, often non-direct • The Place Manager model and functions of the role are undergoing a review, which has indicated future improvements around engagement • Council is embedding a Community Engagement Toolkit through the organisation.
Community satisfaction with making community decisions	51	**50**	≥ 51	Council has considered several matters in which community interest was high. A focus is to continue to represent the interests of the community by considering and being responsive to the diversity of interests and needs of the municipal community.

Community satisfaction with informing the community	55	**52**	≥ 56	There is a gap between the result and the target demonstrating improvement is required. Council has increased the volume of communication being available to the community. The main channels for Council to get information to the community is through regular media releases, Council's website and the monthly community newsletter. This newsletter shares updates on Council's projects, services, Council decisions, open consultations and more with the community.
Number of service reviews undertaken	None	**Four**	≥ Four	There are currently three active service reviews. • Forge Theatre Review is complete and in first draft • Visitor Information Centres Review has commenced, and • Customer Service and Libraries Review is undergoing community consultation The fourth review is Community Laws, which is on hold.
Permanent workforce has access to mobile technology	Not recorded	**80%**	> 70%	Council has rolled out mobile technology to 80% of its permanent workforce to facilitate remote working and working from home requirements.
Victorian Auditor-General's Office assessment of Council's overall financial sustainability is rated low risk	Achieved	**No data available**	Achieved low risk rating	VAGO has not issued a report for the 2020/21 financial year.
The percentage of actions implemented from the Workforce Plan 2021-25	Not recorded	**83%**	≥ 80%	The highlights from the Workforce Plan include: • Council has three active service reviews • The Staff Recognition and Departure Policy has been updated and a revised reward and recognition program aligned with our new values • Council's Gender Equality Action Plan was completed; and • Currently have engaged six trainees. The only action behind schedule is the development of a capability framework for inclusion into position descriptions.

LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

The Victorian Government's compulsory service measures for all Councils that are relevant to this goal are shown below:

Indicator *measure*	Results 2018-19	2019-20	2020-21	2021-22	Comments
Governance					
Transparency *Council resolutions at meetings closed to the public*[31]	2.67%	3.57%	8.09%	12.50%	The increase in closed decisions is due to the confidentiality of the matters that were at Council meetings. The matters that require closed decisions include confidential contractual matters, matters relating to the CEO's employment and service contracts and agreements.
Consultation and engagement *Satisfaction with community consultation and engagement*[32]	48	54	51	48	There are several reasons behind this result falling short of the target. These include: • the COVID-19 pandemic which continued to mean that engagement initiatives have been required to take different forms, often non-direct; • the Place Manager model and functions of the role are undergoing a review, which has indicated future improvements around engagement; and • Council is embedding a Community Engagement Toolkit through the organisation.
Attendance *Councillor attendance at Council meetings*[33]	90.97%	92.59%	95.06%	97.66%	The technical ability for Councillors to participate in Council meetings virtually has enabled them greater flexibility to attend and contribute to Council meetings remotely.
Service cost *Cost of governance*[34]	$53,182.56	$58,190.67	$50,641.89	$47,214.33	The decrease in cost is due to a number of Councillors elected not to have a Council vehicle during periods of the year, meaning they did not receive the vehicle allowance. There were also reductions in paid remote area allowances and conferences and training.

31 [Number of council resolutions made at ordinary or special meetings of council, or at meetings of a special committee consisting only of councillors, closed to the public / Number of council resolutions made at ordinary or special meetings of council or at meetings of a special committee consisting only of councillors] x100

32 [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]

33 [The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100

34 [Direct cost of the governance service / Number of councillors elected at the last council general election]

Indicator	Results				Comments
measure	2018-19	2019-20	2020-21	2021-22	
Satisfaction *Satisfaction with council decisions*[35]	46	54	51	50	Council has considered several matters in which community interest was high. A focus for Council is to continue to represent the interests of the community by considering and being responsive to the diversity of interests and the needs of the municipal community.

COST OF OUR SERVICES

The following statement provides information about the services funded in the Annual Budget 2021/22:

Business area	Description of services provided	Net Cost Actual Budget Variance $'000
Community Leadership and Advocacy	Provides leadership on issues of importance to East Gippsland and advocates on behalf of the community and its vision for the future. It does this through strong, transparent, accountable leadership and the development of strong relationships with key stakeholders and other levels of government.	1,283 2,262 **(979)**
Council Enterprises	Supports the local economy and provides an alternative revenue stream for Council through the effective operation of a range of Council-managed commercial enterprises such as caravan parks, marinas and the East Gippsland Livestock Exchange.	(2,130) (1,773) **(357)**
Customer Experience	Is the main customer interface with the community, providing accessible, high-quality customer service at Council's Corporate, Business and Service centres, which connects people to Council services and general information.	2,120 2,198 **(78)**
Finance and Treasury	Financial services to both internal and external customers including the management of Council's finances, payment of salaries and wages, and raising and collection of rates and charges.	(21,708) (8,529) **(13,179)**
Governance	A range of governance, statutory and corporate support services to Council, including coordination of business papers for meetings of the Council and its committees; coordination of arrangements for Council and committee meetings; and the maintenance of statutory registers and the conduct of municipal elections. An Audit Committee supports this service. This service also provides the framework, oversight and advice to support Council in complying with statutory procurement and contracting provisions	2,979 3,250 **(271)**
Human Resources	Human resource and industrial relations services dedicated to ensuring Council's workforce operates efficiently and effectively within a framework that encourages innovation and continuous improvement. Human Resources also provides payroll services for all employees.	816 717 **99**

35 [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]

Business area	Description of services provided	Net Cost Actual Budget Variance $'000
Information Services	Supports and maintains reliable and cost-effective communications and computing systems, facilities and infrastructure to Council staff enabling them to deliver services in a smart, productive and efficient way. It is also responsible for the provision of document and information management support services and compliance with statutory obligations under Freedom of Information and Information Privacy legislation.	3,858 4,336 **(478)**
Media, Communications and Civic Events	Oversees the provision of advice on communications, in consultation with relevant stakeholders, on behalf of Council. It also provides in-house graphic design services. This service also conducts civic events to recognise, commemorate and celebrate prominent residents and the successful delivery of significant Council programs, infrastructure and projects.	718 619 **99**
Organisation Development	Strategic and operational organisation development support. The service also assists managers to determine and progress toward future structures, capability and cultures in their service units.	223 409 **(186)**
Property Management	Manage Council's property portfolio, including purchases, sales, leases and licenses to ensure land under Council's ownership or management is used effectively and in the best interests of current and future generations is delivered through this service. It also supports local groups that have a focus on land and facility stewardship.	(11) (45) **34**
Risk Management and Compliance	Manages a compliance framework that promotes prudent and responsible management approaches to Council's decision making and service delivery. It ensures the highest standards of legislative compliance are achieved across Council and that its risk exposure is minimised through proactive and comprehensive systems and processes.	1,429 1,540 **(111)**

Retired service performance indicators

Indicator *measure*	2017-18	2018-19	Results 2019-20	2020-21	2021-22
Aquatic facilities					
Service standard *Health inspections of aquatic facilities*[36]	0	0	retired	retired	retired
Service cost *Cost of indoor aquatic facilities*[37]	$4.28	$4.52	retired	retired	retired
Service cost *Cost of outdoor aquatic facilities*[38]	$13.49	$12.37	retired	retired	retired
Animal Management					
Service cost *Cost of animal management service*[39]	$37.66	$52.96	retired	retired	retired
Health and safety *Animal management prosecutions*[40]	7	2	retired	retired	retired
Libraries					
Service cost *Cost of library service*[41]	$3.52	$3.46	retired	retired	retired

36 [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]
37 [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]
38 [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]
39 [Direct cost of the animal management service / Number of registered animals]
40 [Number of successful animal management prosecutions]
41 [Direct cost of the library service / Number of visits]

Cr Mendy Urie acknowledging the work of local volunteers, including Rhonda Wheeldon and John Whitbourne, at the volunteer recognition event in Lindenow.

6

Governance, Management and Other Information

The East Gippsland Shire Council is a public statutory body, which operates under the legislative requirements of the Local Government Act 2020 (the Act).

The Act sets out the role of Council, as an elected body, to provide leadership for the good governance of the East Gippsland Shire. Council's elected members and employees work within systems and processes to ensure they comply with all Acts administered by the Council.

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring that council and its administration meet the community's priorities. The community has many opportunities to provide input into council's decision-making processes including community consultation, public forums such as ward meetings and the ability to make submissions to Special Committees of Council.

Council's Roles and Responsibilities

The Council is committed to working in partnership with the wider community and other levels of government, to create and achieve the best opportunities possible for all people in East Gippsland.

Key responsibilities of Council include:

- guaranteeing good governance in the performance of its roles and responsibilities;
- prioritising the best outcomes for the East Gippsland community;
- making decisions that consider economic, social, and environmental sustainability of the East Gippsland Shire, including, where possible mitigating and planning for climate change;
- addressing the diverse needs the local community in decision making;
- advocating for the needs and desires of the community across East Gippsland;
- providing leadership through strategic objectives, monitoring progress and adapting to changes to support the community;
- fostering community cohesion and encourage active participation in the East Gippsland Shire Council activities; and

ensuring transparency of decision making and accessibility to publicly available information.

Meetings of Council

Council is committed to transparent governance in decision-making. Council meetings are open to the public and are also livestreamed via East Gippsland Shire Council's YouTube channel, East Gippy TV.

During 2021-22, COVID-19 pandemic restrictions meant that for certain meetings, members of the public were not able to attend Council meetings in person. However, meetings were livestreamed to maintain open meetings and ensure access by the community. In addition, Councillors, Council staff and members of the community presenting to Council were able to attend meetings virtually.

Council meetings usually occur on Tuesday evenings from 6pm. All Council meeting dates are publicly available on Council's website.

Council meetings provide an opportunity for community members to submit a question to the Council and speak on matters of interest to the community. Details for this are available on Council's website.

The business to be considered by Council is set out in an agenda, which is available on Council's website from 1pm on the Friday before the meeting. In addition, the agenda is available from the Council's Customer Service and outreach centres.

Council minutes capturing all resolutions of a meeting can be viewed in the same locations as the agenda.

In 2021-22, there were 16 scheduled Council meetings and three unscheduled Council meetings.

Council Meeting Attendance

The following table provides a summary of Councillor attendance at Council meetings in 2021-22.

Councillor	Council Meetings
Cr Mark Reeves (Mayor)	19
Cr Arthur Allen (Deputy Mayor)	19
Cr Sonia Buckley	18
Cr Tom Crook	19
Cr Jane Greacen OAM	18
Cr Trevor Stow	19
Cr Mendy Urie	17
Cr Kirsten Van Diggele	19
Cr John White	19

Councillors and officers joined the Tamboon community for the opening of their 'Tamboon Fireguard' shed in March. This facility was funded from local fundraising, lobbying government and other agencies.

Councillor Allowances

Under section 39 of the *Local Government Act 2020,* Councillors are entitled to receive an allowance while performing their duty. The Mayor and Deputy Mayor are also entitled to receive a higher allowance.

Councils are divided into three categories based on the income and population of each Council. East Gippsland is recognised as a category two Council.

Effective from the 18 December 2021, Determination No. 01/2022 set the allowances for the Mayor, Deputy Mayor and Councillors. The category 2 annual allowances effective from 18 December 2021 were Mayor $96,470, Deputy Mayor $48,235 and Councillors $30,024. The annual allowances that applied from 1 July 2021 to 17 December 2021 were Mayor $89,324 and Councillors $28,869, noting that for this period the Deputy Mayor did not receive a higher allowance than the Councillor allowance.

Councillor	Allowance $
Cr Mark Reeves	71,497
Cr Arthur Allen	38,602
Cr Sonia Buckley	29,372
Cr Tom Crook	29,372
Cr Jane Greacen OAM	29,372
Cr Trevor Stow	29,372
Cr Mendy Urie	50,567
Cr Kirsten Van Diggele	29,372
Cr John White	29,372
Total	**336,898**

1 Cr Urie was Mayor for part of the reporting year, succeeded by Cr Reeves

Councillor Expenses

Under section 40 of the *Local Government Act 2020,* Council is required to reimburse a Councillor for expenses incurred whilst performing their duties as a Councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors in accordance with section 41 of the *Local Government Act 2020.*

The policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to discharge their duties.

Council also publishes in its Annual Report the details of the expenses, including reimbursement of expenses for each Councillor and member of a Council committee paid by the Council.

Councillor	Remote travel $	Conferences / Training $	Office and other expenses $	Delegate and other Council representation costs $	Vehicle and travel reimbursement $	Total $
Cr Mark Reeves	0	4,700	377	804	7,514	**13,395**
Cr Arthur Allen	0	136	594	0	8,064	**8,794**
Cr Sonia Buckley	40	1,450	1,087	527	8,064	**11,168**
Cr Tom Crook	0	673	376	0	7,858	**8,907**
Cr Jane Greacen OAM	0	3,197	597	0	(161)	**3,633**
Cr Trevor Stow	0	0	456	95	8,064	**8,615**
Cr Mendy Urie	0	424	551	0	4,146	**5,121**
Cr Kirsten Van Diggele	0	3,419	474	0	2,847	**6,740**
Cr John White	0	0	919	0	9,169	**10,088**
Total	**40**	**13,999**	**5,431**	**1,426**	**55,565**	**76,461**

Office Expenses include Telephone and Stationery. Conferences/Training, Delegate and Other Council representation costs include related accommodation and travel expenses

Councillor Code of Conduct

The Councillor Code of Conduct, which is publicly available on Council's website, was adopted in December 2021 in accordance with the *Local Government Act 2020.*

Conflict of Interest

A conflict of interest arises when a personal or private interest of a Councillor or officer in a matter may compromise their ability to act impartially and in the best interests of the community.

The *Local Government Act 2020* outlines the scope for determining conflicts of interest by an individual. Only an individual can decide if they have a conflict of interest in a matter. Council's Governance Rules address how a Councillor or staff member deals with a conflict of interest. The Governance Rules are available on the Council's website. A Conflicts of Interest Register captures the conflict disclosures and is publicly available on Council's website.

Delegated committees

The Act allows councils to establish one or more delegated committees consisting of:

- Councillors
- Council staff
- Other persons
- Any combination of the above.

The following table contains a list of delegated committees established by the council that are in operation and the purpose for which each committee was established.

Committee		Officers	Other	Purpose
Audit and Risk Committee	3	0	4	Monitors Council's effectiveness in carrying out its responsibilities for accountable financial management, good corporate governance, maintaining an effective system of internal control and risk management.
Chief Executive Employment and Remuneration Committee	4	0	1	Considers, and make recommendations to Council with respect to, the: • selection and appointment of an Independent Member • performance monitoring of the Chief Executive Officer (CEO), including with respect to achievement of the Key Performance Indicators (KPIs) • annual review of the CEO's performance, including against the KPIs • CEO's remuneration • recruitment and appointment (or reappointment) of a CEO, if required.
Disability Advisory Committee	2	2	11	Provides advice on things that matter to people with a disability in the region. It seeks to maximise the contribution being made by Council and its partners by working with a common agenda to create a more inclusive and accessible East Gippsland.
East Gippsland Agriculture Sector Advisory Committee	2	4	14	Provides advice, guidance and recommendations to Council on matters that affect the agriculture sector in East Gippsland and its communities.
East Gippsland Livestock Exchange Consultative Committee	2	4	7	Is a platform for consultation with key stakeholders on the operations of the livestock exchange. The group also discusses industry matters that may impact the livestock exchange business.

East Gippsland Economic Development Advisory Committee	2	4	12	Provides advice, guidance and recommendations to Council on matters that affect economic growth across the municipality.

Audit and Risk Committee

The Audit and Risk Committee's role is to monitor and provide advice to Council on financial reporting, internal control, compliance, and risk management. It does this through the provision of independent advice on matters relevant to its Charter, in order to assist Council decision-making.

The Committee is an Advisory Committee to Council. It has no executive powers or authority to implement actions in areas over which management has responsibility and no delegated financial responsibility. The Audit and Risk Committee has no management functions, so is independent of management.

The Committee comprises of seven members: four independent external members – one of whom will be Chair — the Mayor of the day and two other Councillors appointed by Council. The Chair is appointed each February. In 2021-22 the Audit and Risk Committee members were:

Audit and Risk Committee Chair

- Jason Hellyer: July 2021 – November 2021
- Stephen Paterson: February 2022 – June 2022

Councillors

- Cr John White: July 2021 – June 2022
- Cr Mendy Urie, Mayor: July 2021 – October 2021
- Cr Mark Reeves, Mayor: October 2021 – June 2022
- Cr Arthur Allen: June 2021 – October 2021

Independent Committee Members

- Christopher Badger: July 2021 – February 2022
- Andrew Roberts: July 2021 – June 2022
- Claudia Goldsmith: March 2022 – June 2022
- Celeste Gregory: December 2021 – June 2022

Internal audit

The internal audit process assists Council and the Chief Executive Officer to assess, monitor and improve the effectiveness of risk management and governance processes and controls. The Internal Auditor reports on activities to the Audit and Risk Committee regularly throughout the year.

The function is undertaken by an independent external provider. A risk-based three-year Strategic Internal Audit Plan (SIAP) is revised annually to ensure the audit resources remain focused on the appropriate areas. The review process considers council's risk framework, the council plan, the impact of any change on operations, systems, or the business environment; prior audit coverage and outcomes and management input. The SIAP is reviewed and approved by the Audit and Risk Committee annually.

External audit

Council is externally audited by the Victorian Auditor-General's representatives to provide an assurance that financial statements reflect the financial position at the end of the financial year.

The annual external audit of Council's Financial Statements and Performance Statement for 2020-21. DMG Audit and Advisory were Council's auditors between July 2021 – December 2021, with RSD Audit being appointed March 2022.

Risk management

Council takes a proactive approach to risk management and has in place, systems, policies, frameworks, and procedures to ensure the adverse effects of risks are prevented or minimised across Council operations.

The Risk Management Policy and Risk Management Framework are reviewed periodically, ensuring Council has the capability to address current and emerging risks. Council recognises the need for robust systems and processes across the whole of business operations to enable and ensure legislative compliance.

Council's Risk Management Policy is publicly available on the Council's website.

Council's livestock exchange has a consultative committee that is used as a platform for consultation with key stakeholders on the operations of the facility.

Governance and Management Checklist

The following are the results in the prescribed form of Council's assessment against the prescribed Governance and Management Checklist.

Governance and Management Items	Assessment	
1. Community Engagement Policy (Policy outlining Council's commitment to engaging with the community on matters of public interest)	Policy Date of operation of current policy: 16 March 2021	☑
2. Community Engagement Guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current guidelines: 16 March 2021	☑
3. Financial Plan (Plan under section 91 of the Act outlining the financial and non-financial resources required for at least the next 10 financial years.)	Adopted in accordance with section 91 of the Act Date of adoption: 28 June 2022	☑
4. Asset Plan (Plan under section 92 of the Act setting out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years.)	Adopted in accordance with section 92 of the Act Date of adoption: 28 June 2022	☑
5. Revenue and Rating Plan (Plan under section 93 of the Act setting out the rating structure of Council to levy rates and charges.)	Plan adopted in accordance with section 93 of the Act Date of operation of current strategy: 28 June 2022	☑
6. Annual Budget (Plan under section 94 of the Act setting out the services to be provided and initiatives to be undertaken during the budget year and the funding and other resources required.)	Adopted in accordance with section 94 of the Act Date of adoption: 28 June 2022	☑
7. Risk Policy (policy outlining council's commitment and approach to minimising the risks to council's operations)	Policy Date of operation of current policy: 23 February 2021	☑
8. Fraud Policy (Policy outlining Council's commitment and approach to minimising the risks to Council's operations.)	Policy Date of operation of current policy: 5 May 2020	☑
9. Municipal Emergency Management Plan (Plan under section 20 of the *Emergency Management Act 1986* for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the *Emergency Management Act 1986* Date of preparation: 25 November 2021	☑

10. Procurement policy (Policy under section 108 of the Act outlining the principles, processes and procedures that will apply to the purchase of goods and services by the Council)	Adopted in accordance with section 108 of the Act Date of approval: 14 September 2021	☑
11. Business continuity plan (Plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Plan in operation Date of preparation: 26 March 2020	☑
12. Disaster recovery plan (Plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Plan in operation Date of preparation: 22 March 2022	☑
13. Risk management framework (Framework outlining Council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 11 May 2020	☑
14. Audit and Risk Committee (Advisory committee of Council under section 53 of the *Local Government Act* whose role is to monitor the compliance of Council policies and procedures, monitor Council's financial reporting, monitor and provide advice on risk management, and provide oversight on internal and external audit functions)	Established in accordance with section 53 of the Act Date of establishment: 25 August 2020	☑
15. Internal audit (Independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Engaged Date of engagement of current provider: 1 July 2018	☑
16. Performance reporting framework (A set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act 1989)	Framework Date of operation of current framework: 29 June 2021	☑
17. Council Plan reporting (Report reviewing the performance of the council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Report Date statements presented: Council Plan Progress reports: 16 November 2021; 22 February 2022; 17 May 2022. Annual Report: 5 October 2021	☑
18. Financial reporting (Quarterly statements to Council under section 138 of the Act 1989 comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with section 138(1) of the Act 1989 Date statements presented: 14 September 2021; 26 October 2021; 15 March 2022; and 17 May 2022	☑
19. Risk Reporting (Six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports Date statements presented: 20 July 2021; 19 October 2021; 28 February 2022; and 2 May 2022	☑

20. Performance Reporting (Six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act 1989)	Report provided. Mid-Year Performance Report: 28 February 2022. Annual Report: 5 October 2021	☑
21. Annual Report (Annual report under sections 131, 132 and 133 of the Act 1989 to the community containing a report of operations and audited financial and performance statements)	Considered at a meeting of council in accordance with section 134 of the *Local Government Act 1989* Date statements presented: 5 October 2021	☑
22. Councillor Code of Conduct (Code under section 139 of the Act setting out the standards of conduct to be followed by Councillors and other matters)	Reviewed and adopted in accordance with section 139 of the Act Date reviewed: 16 December 2021	☑
23. Delegations (Documents setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff, in accordance with sections 11 and 47 of the Act.)	Reviewed in accordance with section 11(7) of the Act and a register kept in accordance with sections 11(8) and 47(7) of the Act Date of last review: Council to staff 28 June 2022; Council to CEO 5 October 2021; CEO to staff 14 June 2022	☑
24. Meeting procedures (Governance Rules under section 60 of the Act governing the conduct of meetings of Council and delegated committees)	Governance Rules adopted in accordance with section 60 of the Act Date local law last revised: 25 August 2020	☑

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

Fiona Weigall **Acting Chief Executive Officer.** **Dated:** 20 September 2022	Cr Mark Reeves **Mayor** **Dated:** 20 September 2022

Statutory Information

Information Available for Public Inspection

Council has adopted a Public Transparency Policy that commits to making Council information publicly available except where the information is confidential by virtue of legislation or not in the public interest. Publicly available information can be accessed on Council's website, where possible. Information not able to be placed on the website may be accessed on request for viewing in person.

The Public Transparency Policy available on Council's website outlines the publicly available information.

Freedom of Information

The Freedom of Information Act 1982 gives the community the ability to access certain Council documents.

There is an application procedure, and rights of access are limited by exemptions detailed in the Act. Applications must be accompanied by an application fee and specific details of the documents requested.

Application forms are available on Council's website (link - www.eastgippsland.vic.gov.au/council/find-a-form), at Customer Service Centres, or by contacting Council on (03) 5153 9500.

Council received 26 applications during the reporting year 2021-22.

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
New applications/requests	**26**	22	18	26	15	16
Access granted in full	**15**	7	6	12	4	1
Access granted in part	**6**	12	6	10	8	9
No documents existed in the requested form/Act does not comply	**2**	4	1	1	0	0
Access denied	**2**	1	1	0	1	3
Withdrawn	**1**	0	2	0	3	1
Requests outstanding at end of financial year	**0**	0	2	3	1	2
Reviews by Office of Victorian Information Commissioner	**0**	**1**	2	0	1	2
Appeals lodged with VCAT	**0**	**0**	0	0	0	0
Fees collected	**$752.50**	**$651.20**	$473.60	$722.50	$369.20	$418.50
Fees waived	**$408**	**0**	$59.20	$22.90	$28.40	0
Charges collected	**0**	**0**	$88.00	$75.00	$265.30	$271.90

Public interest disclosures

Council has a policy for handling disclosures made under the Public Interest Disclosure Act 2012, as required by the Act. The purpose of the Act and Public Interest Disclosure Policy is to encourage and facilitate the disclosure of any improper conduct by Councillors or Council officers.

Information about making a public interest disclosure is available on Council's website.

Council made no public interest disclosure notifications to the Independent Broad-based Anti-corruption Commission for the year ended 30 June 2022.

Privacy and Data Protection Act

The Privacy and Data Protection Act 2014, along with the Health Records Act 2001, are designed to protect personal information.

Council will only collect, use or disclose personal information where it is necessary to perform Council functions or when required by law. Formal complaints can be made if people believe their privacy has been breached. Community members can access their personal records held by Council.

Council's Information Privacy Policy is available on Council's website.

Contracts

July – 14 September 2021

Prior to the adoption of the Procurement Policy in September 2021, Council did not enter into any contracts valued at $100,000 or more as per section 186(1) of the *Local Government Act 1989.*

14 September 2021 – June 2022

After the adoption of the Council Procurement Policy on 14 September 2021, Council managed a total of 31 formal procurement processes (including Requests for Tender, Requests for Quotation and Expression of Interest requests). It also did not enter into any other contracts valued at $150,000 or more for goods or services or $200,000 or more for works without engaging in a competitive process.

Best Value Victoria

Best Value applies to all Council services and encourages the adoption of a consistent set of principles across the sector, while also allowing councils the flexibility to meet the unique needs of their communities.

Council continues to communicate with the community in a range of ways, including community forums, weekly advertisements, social and traditional media.

The incorporation of Best Value Principles in business planning processes enables Council to focus on identifying opportunities to continuously improve services and ensure we are addressing our community's changing needs. Council aims to deliver quality and affordable services in the most effective manner with Council services continually monitored and opportunities for improvement identified.

Disability and Social Inclusion Plan

In accordance with section 38 of the Disability Act 2006, as Council has prepared a Disability and Social Inclusion Plan it must report on the implementation in its annual report.

Council has a Disability and Social Inclusion Plan and implemented the following actions:

- Facilitated the 2020-2021 Disability Committee and established the new 2022-23 Disability Advisory Committee
- Promote community engagement opportunities, social inclusion week, International Day of People with Disability and Carers' Week.
- Worked with Regional, State, and local agencies to promote programs such as Carers Gateway
- Fund collaborative initiatives such as the "let get together forum" which invites mainstream community groups and clubs to come together to promote program accessibility and engagement for those living with Disability
- Supported staff to undertake Accredited Access Audit training
- Developed and Accessible Events guide

Domestic Animal Management Plan

The *Domestic Animals Act 1994* requires Council to prepare a Domestic Animal Management Plan every four years. The plan caters for the needs of pets and their owners while achieving a balance with the needs of others in the community. The plan helps Council provide a professional, consistent and proactive approach to domestic animal management services. This includes education and promotion of responsible pet ownership.

- Council completed the following actions during the year:
- Successfully developed Council's new Domestic Animal Management Plan for 2021-2025
- Applied to Animal Welfare Victoria Grants Program for funding to assist vulnerable residents in desexing and registration support
- Attended the East Gippsland Field Days and provided education on responsible pet ownership

Year	Animal Impoundments	Reclaimed	Adopted	Euthanised	Transferred to Animal Aid Coldstream[1]
2021-22	**423**	**115**	**155**	**56**	**8**
2020-21	525	122	203	92	0
2019-20	612	172	295	68	55
2018-19	871	227	422	186	48
2017-18	770	264	325	128	114
2016-17[2]	900	401	400	151	120
2015-16	923	314	347	151	108

1 - Coldstream is the headquarters of Animal Aid, Council's pound services contractor

2 - Includes carry-over animals in pound from previous year

Food Act Ministerial Directions

Under section 7E of the *Food Act 1984*, Council is required to publish a summary of any ministerial directions received during the financial year in its annual report. No such ministerial directions were received by Council during the financial year.

Road Management Act Ministerial Directions

Under section 22 of the *Road Management Act 2004,* Council must publish a copy or summary of any ministerial directions in its annual report. No such ministerial directions were received by Council during the financial year.

Infrastructure and Development Contributions

Under section 46GM and 46QD of the *Planning and Environment Act 1987,* a council that is a collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind, and publish this report in its Annual Report.

For the 2021-22 year there were no infrastructure and development contributions made. Council did not collect any Community Infrastructure Levies or payments during the financial year.

Financial Performance Statement

East Gippsland Shire Council

ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2022

East Gippsland Shire Council
Financial Report
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Certification of the Financial Statements

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

E. Collins

Elizabeth Collins CPA
Principal Accounting Officer
Date : 20/09/2022
Bairnsdale

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

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

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

Councillor Mark Reeves
Councillor
Date : 20/09/2022
Bairnsdale

Councillor Arthur Allen
Councillor
Date : 20/09/2022
Bairnsdale

F Weigall

Fiona Weigall
Acting Chief Executive Officer
Date : 20/09/2022
Bairnsdale

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of East Gippsland Shire Council

Opinion	I have audited the financial report of East Gippsland Shire Council (the council) which comprises the: • balance sheet as at 30 June 2022 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the financial report	The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors • conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

T. D

MELBOURNE
28 September 2022

Travis Derricott
as delegate for the Auditor-General of Victoria

2

Comprehensive Income Statement
For the Year Ended 30 June 2022

	Note	2022 $'000	2021 $'000
Income			
Rates and charges	3.1	62,556	60,536
Statutory fees and fines	3.2	2,514	2,220
User fees	3.3	11,335	12,684
Grants - operating	3.4	32,196	24,391
Grants - capital	3.4	20,606	11,898
Contributions - monetary	3.5	1,074	58
Contributions - non monetary	3.5	1,044	6,077
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	551	(64)
Fair value adjustments for investment property	6.2	295	178
Other income	3.7	9,391	15,362
Total income		**141,562**	**133,340**
Expenses			
Employee costs	4.1	35,032	33,697
Materials and services	4.2	47,368	49,157
Depreciation	4.3	23,769	21,569
Amortisation - intangible assets	4.4	985	977
Amortisation - right of use assets	4.5	88	84
Bad and doubtful debts	4.6	102	52
Borrowing costs	4.7	297	290
Landfill rehabilitation provision movement		(1,125)	(746)
Finance costs - leases	4.8	18	17
Other expenses	4.9	4,052	8,726
Total expenses		**110,586**	**113,823**
Surplus/(deficit) for the year		**30,976**	**19,517**
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.1	31,471	114,424
Total other comprehensive income		**31,471**	**114,424**
Total comprehensive result		**62,447**	**133,941**

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

Balance Sheet
As at 30 June 2022

	Note	2022 $'000	2021 $'000
Assets			
Current assets			
Cash and cash equivalents	5.1	116,547	92,198
Trade and other receivables	5.1	9,102	10,993
Other assets	5.2	7,998	7,726
Total current assets		**133,647**	**110,917**
Non-current assets			
Trade and other receivables	5.1	194	241
Property, infrastructure, plant and equipment	6.1	1,282,249	1,237,274
Right-of-use assets	5.8	771	785
Investment property	6.2	8,263	8,882
Intangible assets	5.2	999	1,882
Total non-current assets		**1,292,476**	**1,249,064**
Total assets		**1,426,123**	**1,359,981**
Liabilities			
Current liabilities			
Trade and other payables	5.3	11,805	9,474
Trust funds and deposits	5.3	3,033	2,835
Unearned income/revenue	5.3	25,951	20,977
Provisions	5.5	11,153	9,571
Interest-bearing liabilities	5.4	-	1,700
Lease liabilities	5.8	102	62
Total current liabilities		**52,044**	**44,619**
Non-current liabilities			
Unearned income/revenue	5.3	428	383
Provisions	5.5	5,643	9,417
Interest-bearing liabilities	5.4	1,650	1,650
Lease liabilities	5.8	758	759
Total non-current liabilities		**8,479**	**12,209**
Total liabilities		**60,523**	**56,828**
Net assets		**1,365,600**	**1,303,153**
Equity			
Accumulated surplus		448,856	418,286
Reserves	9.1	916,744	884,867
Total Equity		**1,365,600**	**1,303,153**

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

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

2022	Note	Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
Balance at beginning of the financial year		1,303,153	418,286	883,747	1,120
Surplus/(deficit) for the year		30,976	30,976	-	-
Net asset revaluation increment/(decrement)	6.1	31,471	-	31,471	-
Transfers to other reserves	9.1	-	(408)	-	408
Transfers from other reserves	9.1	-	2	-	(2)
		1,365,600	448,856	915,218	1,526
Balance at end of the financial year		**1,365,600**	**448,856**	**915,218**	**1,526**

2021		Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
Balance at beginning of the financial year		1,169,212	398,827	769,323	1,062
Surplus/(deficit) for the year		19,517	19,517	-	-
Net asset revaluation increment/(decrement)	6.1	114,424	-	114,424	-
Transfers to other reserves	9.1	-	(58)	-	58
Transfers from other reserves	9.1	-	-	-	-
		1,303,153	418,286	883,747	1,120
Balance at end of the financial year		**1,303,153**	**418,286**	**883,747**	**1,120**

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

Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 Inflows/ (Outflows) $'000	2021 Inflows/ (Outflows) $'000
Cash flows from operating activities			
Rates and charges		62,886	61,006
Statutory fees and fines		2,400	2,172
User fees		14,449	17,788
Grants - operating		34,788	23,620
Grants - capital		17,757	31,844
Contributions - monetary		1,154	58
Interest received		318	589
Trust funds and deposits taken		9,540	11,034
Other receipts		14,181	10,417
Net GST refund		3,143	4,119
Employee costs		(35,294)	(33,149)
Materials and services		(51,143)	(58,698)
Trust funds and deposits repaid		(9,342)	(10,998)
Other payments		(1,771)	(1,489)
Net cash provided by/(used in) operating activities		**63,066**	**58,313**
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(37,548)	(35,233)
Proceeds from sale of property, infrastructure, plant and equipment		994	933
Proceeds from sale of investments		-	33,500
Net cash provided by/(used in) investing activities		**(36,554)**	**(800)**
Cash flows from financing activities			
Finance costs		(321)	(292)
Repayment of borrowings		(1,700)	-
Interest paid - lease liability		(18)	(17)
Repayment of lease liabilities		(124)	(143)
Net cash provided by/(used in) financing activities		**(2,163)**	**(452)**
Net increase in cash and cash equivalents		24,349	57,061
Cash and cash equivalents at the beginning of the financial year		92,198	35,137
Cash and cash equivalents at the end of the financial year		**116,547**	**92,198**

Financing arrangements	5.6
Restrictions on cash assets	5.1

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

Statement of Capital Works
For the Year Ended 30 June 2022

	Note	2022	2021
		$'000	**$'000**
Property			
Land		321	80
Total land		**321**	**80**
Buildings		8,310	4,282
Heritage buildings		152	162
Total buildings		**8,462**	**4,444**
Total property		**8,783**	**4,524**
Plant and equipment			
Plant, machinery and equipment		3,489	1,772
Fixtures, fittings and furniture		812	804
Computers and telecommunications		1,020	372
Library books		212	211
Total plant and equipment		**5,533**	**3,159**
Infrastructure			
Roads		9,068	12,403
Bridges		3,391	6,063
Footpaths and cycleways		1,098	1,035
Drainage		797	1,081
Recreational, leisure and community facilities		3,410	1,755
Waste management		2,033	1,146
Parks, open space and streetscapes		1,096	434
Aerodromes		-	179
Off street car parks		133	110
Other infrastructure		2,858	3,362
Total infrastructure		**23,884**	**27,568**
Total capital works expenditure		**38,200**	**35,251**
Represented by:			
New asset expenditure		11,401	3,395
Asset renewal expenditure		23,684	26,334
Asset upgrade expenditure		3,115	5,522
Total capital works expenditure		**38,200**	**35,251**

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

Note 1 OVERVIEW

Introduction

The East Gippsland Shire Council was established by an Order of the Governor in Council on 2 December 1994 and is a body corporate.
The Council's main office is located at 273 Main Street Bairnsdale Victoria 3875.

Statement of compliance

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

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

Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases* , of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not AASB 1059 *Service Concession Arrangements: Grantors* is applicable (refer to Note 8.2)
- other areas requiring judgements

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

(b) Superannuation

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by East Gippsland Shire Council to the relevant superannuation plans in respect to the services of East Gippsland Shire Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that East Gippsland Shire Council is required to comply with.

(c) Impact of Covid-19

During 2021/22 the COVID-19 pandemic continued to impact on Council's operations. Although there was some reduction in user fees at facilities for a period of time, these reductions were offset by a reduction in expenditure and the impact has been minimal over the course of the 2021/22 year.

Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or $500,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figure below were adopted by Council on 29/06/2021. The budget was based on assumptions that were relevant at the time of adoption of the Budget. Councils sets guidelines and parameters for income and expense targets in the budget in order to meet Council's planning and financial performance targets for both the short and long-term.

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

2.1.1 Income and expenditure

	Budget 2022 $'000	Actual 2022 $'000	Variance $'000	Variance %	Ref
Income					
Rates and charges	62,182	62,556	**374**	**1%**	
Statutory fees and fines	2,101	2,514	**413**	**20%**	**1**
User fees	11,746	11,335	**(411)**	**(3%)**	
Grants - operating	12,602	32,196	**19,594**	**155%**	**2**
Grants - capital	44,288	20,606	**(23,682)**	**(53%)**	**3**
Contributions - monetary	850	1,074	**224**	**26%**	**4**
Contributions - non monetary	2,000	1,044	**(956)**	**(48%)**	**5**
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	551	**551**	**(100%)**	**6**
Fair value adjustments for investment property	-	295	**295**	**(100%)**	**7**
Other income	2,252	9,391	**7,139**	**317%**	**8**
Total income	**138,021**	**141,562**	**3,541**	**3%**	
Expenses					
Employee costs	34,318	35,032	**(714)**	**(2%)**	**9**
Materials and services	42,723	47,368	**(4,645)**	**(11%)**	**10**
Depreciation	22,128	23,769	**(1,641)**	**(7%)**	**11**
Amortisation - intangible assets	964	985	**(21)**	**(2%)**	
Amortisation - right of use assets	71	88	**(17)**	**(24%)**	
Bad and doubtful debts	38	102	**(64)**	**(168%)**	**12**
Borrowing costs	353	297	**56**	**16%**	**13**
Landfill rehabilitation provision movement	-	(1,125)	**1,125**		**14**
Finance costs - leases	1	18	**(17)**	**(1700%)**	
Other expenses	1,690	4,052	**(2,362)**	**(140%)**	**15**
Total expenses	**102,286**	**110,586**	**(8,300)**	**(8%)**	
Surplus/(deficit) for the year	**35,735**	**30,976**	**(4,759)**	**(13%)**	

Note 2.1.1 Performance against budget (cont'd)

(i) Explanation of material variations

Varaiance Ref	Item	Explanation
1	Statutory fees and fines - $413k greater than budget	As a result of increased planning applications the planning fees exceeded budget by $337k. 2020 election fines of $33k were received and no budget had been provided for this. There were additional animal registrations of $38k offset by $16k underbudget for animal fines. Parking fines exceeded budget by $61k as a result of additional resources being allocated to monitor parking compliance. Building licence and certificate fees also exceeded budget by $58k as a result of increased building activity during the year. Land Information Certificate income exceeded budget by $31k as a result of increased property sales during the year. These were offset with debt recovery fees under budget by $119k due to unpaid rates recovery being paused during part of the year due to COVID-19 (this is offset with a corresponding reduction in debt recovery costs). Other smaller variances where the income exceeded the budget make up the balance of the variance.
2	Grants - operating - $19.594m greater than budget	The 75% advance payment of the Victortia Grants Commission 2022/23 general purpose and road grant of $13.8m was the most significant variance. The final 2021/22 Victoria Grants Commission allocation also added an additional $530k greater than the original budget. There were several new grants received during the year with the most significant being: - Fire 2019 Resourcing grant - $3.2m - Fire 2019 Bushfire Rebuilding Support Services - $1.178m
3	Grants - capital - $23.682m less than budget	Capital grants were $23.682m less than the adopted budget. The timing of the works for a number of large capital projects will see those projects completed in the 2022/23 year. As a result grant income associated with the projects will not now be received until the 2022/23 year. Some of the most significant projects and capital grant variances are as follows: - Omeo Mountain Bike Trails - Stage 1 - $1.229m - Design for Gymnasium Facility at Lucknow - $577k - Mallacoota Seawall Design - $628k - Bullock Island Bridge Replacement - $888k - Cann River Roadside Rest Area - $910k - Newmerrella Roadside Rest Area - $370k - Orbost Forest Park Upgrade - $700k - WORLD Sporting Precinct Stage 1 - $1.532m - Slip Road Maritime Precinct Paynesville - $3.001m - Lakes Entrance Marine Parade Upgrade - $1.28m - Bullock Masterplan Implementation - $2.555m - Livingstone Park Community Facilities - $891k - Krautungalung Walk Stage 1 - $2.097m - Buchan Streetscape - $934k - Lakes Entrance Foreshore Park - $957k - Lakes Entrance Slipway upgrade - $489k - Bruthen Streetscape - $467k - Lakes Entrance Ocean Rescue Seawall - $507k - Bairnsdale City Oval Changerooms and lighting upgrade - $602k

Note 2.1.1 Performance against budget (cont'd)

(i) Explanation of material variations

Varaiance Ref	Item	Explanation
4	Contributions - monetary - $224k greater than budget	Capital contributions of $400k were not received as a result of the timing of related capital projects. Subdivision developer contributions exceeded budget by $436k. There was also an unbudgeted contribution to the WORLD Sporting precinct project of $101k as well as $86k of unbudgeted economic development contributions for events and other projects.
5	Contributions - non monetary - $956k less than budget	Contributed assets of $1.044M were received during the year against a budget of $2M. Developer contributed assets vary from year to year depending on subdivision activity.
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment - $551k greater than budget	The proceeds of sale from assets exceeded the written down value of the assets. These were mainly vehicle sales.
7	Fair value adjustments for investment property - $295k greater than budget	There was an increase in the fair value of investment properties as at the end of year. No budget had been provided for this increase in value.
8	Other income - $7.139m greater than budget	The timing for the reimbursements for replacement and rehabilitation works following the 2019/20 fire events is the most significant variance and accounts for $4.8m of the variance. There was also an insurance reimbursement in relation to assets destroyed and income loss as a result of the 2019/20 bushfires. This accounted for a further $2m of the variance. Interest on investments was under budget by $249k as a result of lower interest rates for invested surplus funds than what was expected at the time of budget adoption. There were also some unbudgeted reimbursements in relation to storm events that happened during the year and these accounted for a further $86k of the variance.
9	Employee costs - $714k greater than budget	Employee costs were greater than the adopted budget by $714k as a result of a reduction in the recovery from capital projects of $428k for project administration operational salaries, due to the actual capital expenditure being less than originally expected for the year. The workcover premium was also greater than the budget by $426k as a result of the additional cost following the closure of the MAV Workcare Scheme.
10	Materials and services - $4.645m greater than budget	The South Bairnsdale Industrial Estate contractor expense was underspent by $1.199m as a result of the timing for the project works. Roads and bridges was overspent for contractors for road maintenance works of $1.119m and for natural disaster event rehabilitation works of $3.2m. The Raymond Island Ferry service changed from a contracted service to an in-house service and the contractor budget was underspent by $1.305m as a result with offsetting expenditure in employee costs and materials and service. Fuel costs for the year exceeded the adopted budget by $145k as a result of the significant increase in fuel prices. The Environment Protection Authority landfill levy also exceeded the budget by $221k as a result of the increased volume of waste going into landfill. Other materials and services for road and bridge maintenance exceeded budget by $1.150m with $609k of this being for restoration works for natural disaster events. As a result of new grant funding there was a additional materials and services expenditure for a number of these new programs. Consultancies exceeded budget by $447k as a result of a number of programs using consultancies to undertake works. Grants and contributions were under budget $580k as a result of delays in some projects whilst there were also unbudgeted expenditure that related to new funded projects as well as some program works being carried forward from the previous financial year.

Note 2.1.1 Performance against budget (cont'd)

(i) Explanation of material variations

Varaiance Ref	Item	Explanation
11	Depreciation - $1.641m greater than budget	Depreciation expenses was $1.641m greater than budget mainly as a result of the infrastructure revaluation and roads and bridges depreciation exceeding the budget by $1.604m.
12	Bad and doubtful debts - $64k greater than budget	A write off of parking and animal infringements accounts for the variance to budget.
13	Borrowing costs - $56k under budget	As a result of the Community Infrastructure low interest loan not yet being taken up there was an underspend for loan interest.
14	Landfill rehabilitation provision movement - $1.125m less than budget	There was an adjustment to the present value calculation of a reduction of $1.499k and other adjustments that reduced the required provisions for landfill rehabilitation works.
15	Other expenses - $2.362m greater than budget	There were $2.442m of buildings, roads, bridges and other assets written off primarily as a result of assets being replaced.

Note 2.1.2 Capital works

	Budget 2022 $'000	Actual 2022 $'000	Variance $'000	Variance %	Ref
Property					
Land	218	321	103	**47%**	**1**
Total land	**218**	**321**	**103**	**47%**	
Buildings	5,945	8,310	2,365	**40%**	**2**
Heritage buildings	-	152	152	**100%**	**3**
Total buildings	**5,945**	**8,462**	**2,517**	**42%**	
Total property	**6,163**	**8,783**	**2,620**	**43%**	
Plant and equipment					
Plant, machinery and equipment	2,134	3,489	1,355	**63%**	**4**
Fixtures, fittings and furniture	30	812	782	**2607%**	**5**
Computers and telecommunications	4,377	1,020	(3,357)	**(77%)**	**6**
Library books	209	212	3	**1%**	
Total plant and equipment	**6,750**	**5,533**	**(1,217)**	**(18%)**	
Infrastructure					
Roads	13,775	9,068	(4,707)	**(34%)**	**7**
Bridges	4,217	3,391	(826)	**(20%)**	**8**
Footpaths and cycleways	6,586	1,098	(5,488)	**(83%)**	**9**
Drainage	185	797	612	**331%**	**10**
Recreational, leisure and community facilities	15,679	3,410	(12,269)	**(78%)**	**11**
Waste management	5,866	2,033	(3,833)	**(65%)**	**12**
Parks, open space and streetscapes	20,678	1,096	(19,582)	**(95%)**	**13**
Aerodromes	525	-	(525)	**(100%)**	**14**
Off street car parks	1,585	133	(1,452)	**(92%)**	**15**
Other infrastructure	6,750	2,858	(3,892)	**(58%)**	**16**
Total infrastructure	**75,846**	**23,884**	**(51,962)**	**(69%)**	
Total capital works expenditure	**88,759**	**38,200**	**(50,559)**	**(57%)**	
Represented by:					
New asset expenditure	28,344	11,401	(16,943)	**(60%)**	**17**
Asset renewal expenditure	48,414	23,684	(24,730)	**(51%)**	**18**
Asset upgrade expenditure	12,001	3,115	(8,886)	**(74%)**	**19**
Total capital works expenditure	**88,759**	**38,200**	**(50,559)**	**(57%)**	

Note 2.1.2 Performance against Budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land - $103k greater than budget	There were land purchase commitments from 2020/21 year than were not finalised until the 2021/22 year and this accounts for the variance.
2	Buildings - $2.365m greater than budget	Building renewal had a budget of $700k but actual expense of $97k as a result of the majority of the expenses being reclassified to operating. Several projects were delayed and will be completed in the 2022/23 year. The most significant of these projects were the Eagle Point Community Hub under budget by $2.227m and the Gymnasium facility at Lucknow $961k underbudget. There were also several projects that had components of the project classified as Buildings but the budget had been classified in a different asset category. The most significant of these were the WORLD Sporting Precinct Stage 1 expenditure of $5.878 and the Tambo Crossing Community Facility expenditure of $437k,
3	Heritage Buildings - $152k greater than budget	The Omeo Justice precinct was classified as Buildings in the budget but has been determined to be a heritage building and accounts for this variance.
4	Plant, machinery and Equipment - $1.355m greater than budget	Vehicle renewals exceeded the adopted budget by $619k as a result of completing 2020/21 purchases in the early part of 2021/22. The Raymond Island Ferry chain renewal expenditure was underbudget by $204k. There were also two projects that had been budgeted in other asset categories that were classified as plant and equipment at year end. The two projects were the Marlo Playground Renewal with expenditure of $416k and the EV Charge Points expenditure of $390k.
5	Fixtures, fittings and furniture - $782k greater than budget	There were two projects that had been classified as Waste projects but the expenditure has been classified as Fixtures. The two projects were the Street Litter Bins expenditure of $530k and the Glass recycling expenditure of $189k. There were some other minor expenditure that were also classified as fixtures at year end but had budgets in other categories.
6	Computers and telecommunications - $3.357m less than budget	A number of projects have been classified as intangible assets for software and these budget totalled $1.02m. There were several other projects that will not be completed until the 2022/23 year for IT infrastructure upgrades and the network consolidation project amounting to an underspend against budget of $1.55m. There were a number of smaller projects where the expense has been transferred to operating.

Note 2.1.2 Performance against Budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
7	Roads - $4.707m less than budget	Some major road projects will not be completed until the 2022/23 year. The most significant being Moroney Street Bairnsdale upgrdade underbudget by $779k, Lakes Entrance Marine Parade underspent by $1.396m, Bailey Street Bairnsdale underspent by $317k, Eagle Point Foreshore Road underspent by $342k, Spring Creek underspent by $358k as well as a number of reseal projects that will be completed in 2022/23 year. Streetscapes had been classified as Parks in the budget but the expenditure for streetscapes has been included in the Road category at year end and this expenditure amounted to $208k.
8	Bridges - $826k less than budget	The Bullock Island Bridge replacement will not be completed until 2022/23 year and was underspent by $849k against the adopted budget.
9	Footpaths and Cycleways - $5.488m less than budget	The Omeo Mountain Bike Trail was budgeted as a footpath but has been reclassified as Other Infrastructure. The budget for this project was $2.926m. The Kruatungalung Walk will not be completed until the 2022/23 year and had an underspend of $2.174m. The Raymond Island Koala Experience project is also delayed and had an underspend of $432k.
10	Drainage - $612k greater than budget	Part expenditurre for some roads has been classified as drainage works and the budget for these works was included in the road budget. This accounted for $372k of the varaince. The Bairnsdale Aerodrom Potable Water project was included in the Aerodrome budget but has been classified as a drainage project at year end and accounts for a further $320k of the varaince.
11	Recreation, leisure and Community Facilities - $12.269m less than budget	The WORLD Sporting Precinct Project, with a budget of $11.181m was included in Recreation facilities at budget time. The project is now classified as Buildings. There have also been several other projects where the budget was included in Parks and Other infratsructure but the expenditure has been classisfed as Recreation. The most significant of these were various seawall project with expenditure of $1.816m and the Slip Road Maritime Precinct project with expenditure of $1.074m.
12	Waste management - $3.833m less than budget	The Lakes Entrance Transfer Station, with a budget of $1.150m and the Cann River Trasfer Station, with a budget of $750k have both been classified as Buildings rather than Waste. The Street Litter Bins with a budget of $515k and the Glass recycling with a budget of $445k have both been reclassified to Fixtures. The construction of Bairnsdale Cell 4 will not be completed until 2022/223 and has an underspend of $814k. Waste compliance works and security upgrades will also not be competed until 2022/23 are were underspent by $133k.

Note 2.1.2 Performance against Budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
13	Parks, Open spaces and Streetscapes - $19.582m less than budget	A number of projects are running behind schedule and will be completed in the 2022/23 year. The most significant of these are the Progress Jetty Precinct Design underbudget by $318k, Orbost Forest Park Upgrade underbudget by $1.13m, Lakes Entrance Foreshore Park underbudget by $1.194m, Livingstone Park Community facilities underbudget by $1.534m and Lakes Entrance Slipway Upgrade under budget by $510k. There were also a number of projects that were budgeted as Parks projects but have been reclassified into other asset categories. The most signnificant of these are Bullock Island Masterplan Implementation (Budget $5.025m), Jemmy's Point Lookout (Budget $1.389m), Slip Road Maritime Precinct (Budget $4.2m) and various streetscapes (Budget $3.715m).
14	Aerodromes - $525k less than budget	The Bairnsdale Airport Potable Water project with a budget of $475k has been reclassified to drainage. The Bairnsdale Airport runway extension and lighting upgrade with a budget of $50k has been reclassified as Other infrastructure.
15	Off Street Car parks - $1.452m less than budget	The Cann River and Newmerrella Roadside Rest Area projects are running behind schedule and will be completed in the 2022/23 year. The underspend for these two projects is $1.585m.
16	Other Infrastructure - $3.892m less than budget	Various seawall projects were reclasified to Recreation with budgets totalling $4.996m. The Electric Vehicle Charge Point projects was transferred to Buildings with a budget of $450k. There were a number of projects at year end whose expenditure was classified as Other infrastructure but the budgets had been included in other asset categories. The most significant of these expenditures were Davison Oval Skate Park $293k, Swan Reach Netball Courts $160k, Bairnsdale Aerodrome runway and lighting $102k, Lakes Entrance Transfer Station $1.063m, Omeo Mountain Bike Trail $184k and Lakes Entrance Club Spit upgrade $660k.
17	New Asset expenditure - $16.943m less than budget	The Omeo Mountain Bike trail project is under budget by $2.74m, the WORLD Sporting Precinct Stage 1 is under budget by $5.145m, The Bullock Island Masterplan implementation is under budget by $2.229m, Bairnsdale Cell 4 construction is underbudget by $814k, Eagle Point Community Hub is underbudget by $1.027m, the Gymnasium Pavillion Lucknow is underbudget by $961k, Kruatungalung Walk is underbudget by $2.174m, Lakes Foreshore Park is underbudget by $746k and the Glass recycling project is underbudget by $256k. All of these projects are expected to be completed in the 2022/23 year.

Note 2.1.2 Performance against Budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
18	Asset Renewal expenditure - $24.730m less than budget	There are a significant number of renewal project that will not be completed until the 2022/23 year and as a result account for the majoity of the variance. The most significant underspends include Eagle Point Community Hub $600k, Building renewal $603k, Consolidation of the IT network $671k, Cann River Transfer Station $711k, Jemmy's Point $975k, Various seawalls $3.252m, Computer replacements $689k, Cann River Roadside Rest area $1.093m, Newmerrella Roadside Rest area $461k, Orbost Forest Park $1.130m, Bullock Island Bridge $849k, Lakes Entrance Foreshore Park $1.195m, Bruthen streetscape $1.195m, Livingstone Park Community Facilities $821k, Marine Parade Lakes Entrance $1.395m, Eagle Point Foreshore Road $342k, Bailey Street Bairnsdale $317k, Spring Creek Road $358k, Kerb and Channel renewal $312k, Moroney Street Bairnsdale $543k and various other roads $4.709m.
19	Asset Upgrade expenditure - $8.886m less than budget	A number of asset upgrade projects were delayed and will be completed in the 2022/23 year. The most significant project underspends were Eagle Point Foreshore Hub $600k, Mallacoota Hall Upgrade $809k, Bairnsdale City Oval Changeroom upgrade $489k, Bullock Island Masterplan Implementation $2.513m, Slip Road Maritime Parade $1.975m, Jemmy's Point $513k and Marine Parade Lakes Entrance $400k.

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Office of the CEO

Activities associated with municipal governance including the Chief Executive Officer.

Business Excellence

Activities associated with financial management, rate collection, risk management, valuations, information services and human resources, procurement, the cost of Councillors, corporate planning, customer service, libraries, communications, regulatory services, governance administration and property services.

Place and Community

Activities associated with strategic and statutory planning, economic development and tourism, emergency management, family and childrens services, aged services, community planning and development and bushfire recovery activities.

Assets and Environment

Activities associated with roads, bridges, drainage, signs, footpaths and street sweeping, parks and reserves, tree management, playgrounds, public toilets, waste and environmental management, asset management, capital works program, commercial business operations, recreation facilities and Forge Theatre and fleet and plant management.

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

2022	Income $'000	Expenses $'000	Surplus/ (Deficit) $'000	Grants included in income $'000	Total assets $'000
Office of the CEO	660	660	-	-	-
Business Excellence	51,070	20,094	30,976	17,308	18,384
Place and Community	11,625	11,625	-	6,268	383
Assets and Environment	78,207	78,207	-	29,226	1,407,356
	141,562	**110,586**	**30,976**	**52,802**	**1,426,123**

2021	Income $'000	Expenses $'000	Surplus/ (Deficit) $'000	Grants included in income $'000	Total assets $'000
Office of the CEO	704	704	-	-	-
Business Excellence	36,972	17,455	19,517	13,516	8,119
Place and Community	18,001	18,001	-	999	61,470
Assets and Environment	71,787	71,787	-	18,041	1,290,392
Bushfire Recovery	5,940	5,940	-	3,733	-
	133,404	**113,887**	**19,517**	**36,289**	**1,359,981**

There was an organisation restructure effective from 31 December 2021 and as a result the program areas have changed from the 2021 information. The 2022 results are therefore not comparable to the 2021 results by program.

Note 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses capital improved value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of the land and all of its improvements.

The valuation base used to calculate general rates for 2021/22 was $9,200 million (2020/21 $8,471 million). Commercial/Industrial rates for 2021/22 was $1,138 million (2020/21 $990 million) and Farm rates was for 2021/22 $1,849 million (2020/21 $1,511 million). The 2021/22 rate in the CIV dollar for General rates was 0.00370130 (2020/21 0.00392622), Commercial/Industrial rates was 0.00536688 (2020/21 0.00569302) and Farm rates was 0.00296104 (2020/21 0.00314098).

	2022 $'000	2021 $'000
General rates	45,636	43,641
Municipal charge	7,280	7,106
Waste management charge	8,539	8,001
Supplementary rates and rate adjustments	691	1,337
Interest on rates and charges	277	320
Revenue in lieu of rates	133	131
Total rates and charges	**62,556**	**60,536**

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2021, and the valuation was first applied in the rating year commencing 1 July 2021

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

3.2 Statutory fees and fines

	2022 $'000	2021 $'000
Infringements and costs	282	131
Application Registration Fees	338	250
Animal Registrations	478	453
Town planning fees	948	885
Land information certificates	136	160
Permits	71	77
Other	261	264
Total statutory fees and fines	**2,514**	**2,220**

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

3.3 User fees

	2022 $'000	2021 $'000
Aged and health services	26	22
Leisure centre and recreation	1,809	1,248
Raymond Island Ferry	283	280
Arts and Culture	136	70
Caravan Parks	2,724	2,578
Saleyards	850	781
Marinas	1,158	1,119
Child care/children's programs	141	79
Tourism	58	46
Building services	132	74
Waste management services	3,868	6,267
Other fees and charges	150	120
Total user fees	**11,335**	**12,684**
User fees by timing of revenue recognition		
User fees recognised over time	2,155	1,935
User fees recognised at a point in time	9,180	10,749
Total user fees	**11,335**	**12,684**

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

3.4 Funding from other levels of government	2022 $'000	2021 $'000
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	32,807	25,533
State funded grants	19,800	10,692
Other	195	64
Total grants received	**52,802**	**36,289**
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	22,775	15,811
Aged Services	45	44
Recurrent - State Government		
Arts and Culture	60	100
Asset Maintenance	56	260
Community Development	55	149
Community Laws	99	97
Emergency Management	195	192
Environmental Management	94	94
Libraries	374	361
Parks and Gardens	-	7
Public Health	37	37
Recurrent - Other		
Environmental Sustainability	-	22
Total recurrent operating grants	**23,790**	**17,174**
Non-recurrent - Commonwealth Government		
Community Development	140	679
Bushfire Recovery	-	250
Econmic Development	124	65
Environmental Management	1,445	50
Roads	29	-
Recreational, Leisure and Community Facilities	7	5
Non-recurrent - State Government		
Community Development	203	95
Arts and Culture	72	16
Economic Development	640	659
Bushfire Recovery	4,722	3,118
Emergency Management		85
Libraries	60	15
Environmental Management	4	4
Work for Victoria	288	2,007
Roads	24	15
Strategic planning	130	-
Human resource	66	-
Recreational, Leisure and Community Facilities	134	106
Waste	134	10
Non-recurrent - Other		
Environmental Management	59	2
Community Development	1	2
Economic Development	50	29
Events	20	-
Libraries	51	-
Arts and Culture	3	5
Total non-recurrent operating grants	**8,406**	**7,217**
Total operating grants	**32,196**	**24,391**

(b) Capital Grants

	2022 $'000	2021 $'000
Recurrent - Commonwealth Government		
Roads to recovery	3,507	3,803
Recurrent - State Government		
Recreational, Leisure and Community Facilities	9	9
Total recurrent capital grants	**3,516**	**3,812**
Non-recurrent - Commonwealth Government		
Buildings	-	374
Bridges	1,550	1,801
Aerodrome	220	111
Footpath and Cycleways	197	400
Other Infrastructure	230	182
Parks, Open Space and Streetscapes	738	57
Recreational, Leisure and Community Facilities	3,493	261
Roads	1,618	1,640
Environmental sustainability	176	-
Car Parks	20	-
Non-recurrent - State Government		
Buildings	507	24
Other Infrastructure	-	20
Caravan Parks	11	-
Parks, Open Space and Streetscapes	862	152
Recreational, Leisure and Community Facilities	6,168	1,696
Governance	-	100
Waste Management	186	28
Roads	980	1,218
Footpath and Cycleways	123	18
Non- recurrent - Other		
Recreational, Leisure and Community Facilities	11	-
Other	-	4
Total non-recurrent capital grants	**17,090**	**8,086**
Total capital grants	**20,606**	**11,898**

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

	2022	2021
Operating		
Balance at start of year	7,003	**8,492**
Received during the financial year and remained unspent at balance date	8,752	3,960
Received in prior years and spent during the financial year	(5,266)	(5,449)
Balance at year end	**10,489**	**7,003**
Capital		
Balance at start of year	20,516	**1,573**
Received during the financial year and remained unspent at balance date	10,251	20,134
Received in prior years and spent during the financial year	(8,285)	(1,191)
Balance at year end	**22,482**	**20,516**

(d) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with *AASB 15 Revenue from Contracts with Customers* . When both these conditions are satisfied, the Council:
- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.

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

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

	2022	2021
Income recognised under AASB 1058 *Income of Not-for-Profit Entities*	**$'000**	**$'000**
General purpose	28,619	19,414
Specific purpose grants to acquire non-financial assets	20,605	11,898
Other specific purpose grants	1,124	1,811
Revenue recognised under AASB 15 *Revenue from Contracts with Customers*		
Specific purpose grants	2,453	3,166
	52,801	**36,289**

	2022	2021
3.5 Contributions	**$'000**	**$'000**
Monetary	1,074	58
Non-monetary	1,044	6,077
Total contributions	**2,118**	**6,135**

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

Land	365	1,949
Roads	593	2,079
Drainage	51	1,152
Off Street Car Park	-	334
Footpath	35	563
Total non-monetary contributions	**1,044**	**6,077**

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

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

Proceeds of sale	994	933
Written down value of assets disposed	(443)	(997)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	**551**	**(64)**

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

3.7 Other income

Interest	341	499
Investment property rental	944	942
Reimbursements - Other	1,047	2,366
Reimbursements - Natural Disasters	6,917	11,438
Other	142	117
Total other income	**9,391**	**15,362**

Interest is recognised as it is earned.

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

	2022	2021
Note 4 The cost of delivering services	**$'000**	**$'000**
4.1 (a) Employee costs		
Wages and salaries	26,834	27,002
WorkCover	1,676	1,180
Casual staff	3,316	2,580
Superannuation	3,080	2,792
Fringe benefits tax	126	143
Total employee costs	**35,032**	**33,697**

(b) Superannuation

Council made contributions to the following funds:

	2022	2021
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	22	27
	22	**27**
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,051	1,431
Employer contributions - Australian Super	255	178
Employer contributions - Hostplus	230	161
Employer contributions - Vic Super	180	149
Employer contributions - other funds	1,342	846
	3,058	**2,765**
Employer contributions payable at reporting date.	50	145

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

	2022	2021
4.2 Materials and services		
Contractors		
- Bridge Maintenance	-	142
- Road maintenance	12,144	17,666
- Road and Bridge design	-	60
- Vegetation management	2,305	1,207
- Ferry maintenance	217	142
- Aerodrome Operations and maintenance	100	92
- Building maintenance	237	131
- Electrical Services	32	-
- Ferry service	651	520
- Waste collection	4,176	3,938
- Waste Management	766	891
- Animal pound services	255	241
- Courier services	85	86
- Cleaning	1,156	995
- Street Lighting	1,074	-
- Community facilities IT implementation	222	-
- Consulting	351	-
- Other	-	87
Total Contractors	**23,771**	**26,198**
Other materials and services		
Building maintenance	230	313
General maintenance	12,268	11,089
Utilities	1,913	2,042
Office administration	1,069	1,105
Information technology	2,314	2,053
Insurance	1,246	1,141
Consultants	1,509	1,750
Contributions	3,048	3,466
Total Other materials and services	**23,597**	**22,959**
Total materials and services	**47,368**	**49,157**

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

4.3 Depreciation

	2022	2021
	$'000	**$'000**
Property	3,478	3,449
Plant and equipment	2,919	3,278
Infrastructure	17,372	14,842
Total depreciation	**23,769**	**21,569**

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

4.4 Amortisation - Intangible assets

Software	85	77
Landfill Airspace	900	900
Total Amortisation - Intangible assets	**985**	**977**

4.5 Amortisation - Right of use assets

Property	69	70
Plant and Equipment	19	14
Total Amortisation - Right of use assets	**88**	**84**

4.6 Bad and doubtful debts

Parking fine debtors	38	6
Animal fine debtors	68	17
Rates debtors	(13)	32
Other debtors	9	(3)
Total bad and doubtful debts	**102**	**52**

Movement in provisions for doubtful debts

Balance at the beginning of the year	1,016	988
New provisions recognised during the year	66	52
Amounts already provided for and written off as uncollectible	(5)	(24)
Balance at end of year	**1,077**	**1,016**

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

4.7 Borrowing costs

Interest - Borrowings	297	290
Total borrowing costs	**297**	**290**

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

4.8 Finance Costs - Leases

Interest - Lease Liabilities	18	17
Total finance costs	**18**	**17**

4.9 Other expenses

	2022 $'000	2021 $'000
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	54	40
Auditors' remuneration - Internal Audit	35	56
Councillors' allowances	361	330
Operating lease rentals	234	394
Memberships/Subscriptions	324	255
Bank fees and charges	223	201
Legal fees	354	774
Assets written-off -Buildings	454	950
Assets written-off -Bridges	633	3,035
Assets written-off -Roads	1,199	2,426
Assets written-off -Others	156	215
Others	25	50
Total other expenses	**4,052**	**8,726**

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

	2022 $'000	2021 $'000
Cash on hand	11	12
Cash at bank	89,487	87,162
Term deposits	27,049	5,024
Total cash and cash equivalents	**116,547**	**92,198**
Total financial assets	**116,547**	**92,198**

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

	2022 $'000	2021 $'000
- Trust funds and deposits (Note 5.3(b))	3,033	2,835
- Unexpended grants (Note 3.4(c))	25,581	20,551
- Non-Discretionary Reserves (Note 9.1(b))	1,526	1,120
Total restricted funds	**30,140**	**24,506**
Total unrestricted cash and cash equivalents	**86,407**	**67,692**

Intended allocations

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

	2022 $'000	2021 $'000
- Cash held to fund carried forward capital works	53,668	26,097
- Cash held to fund carried forward landfill rehabilitation projects	793	719
- Unexpended grants (Note 3.4(c))	7,390	6,968
- Tambo Bluff Estate	289	394
- Water transport replacement reserve	2,600	2,300
- Orbost Landfill Discretionary Reserve Bushfire 2019/20	9,581	9,626
Total funds subject to intended allocations	**74,321**	**46,104**

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

(b) Trade and other receivables	2022 $'000	2021 $'000
Current		
Statutory receivables		
Rates debtors	3,606	3,936
Special rate assessment	938	662
Infringement debtors	865	792
Provision for doubtful debts - statutory	(1,012)	(960)
Net GST receivable	1,443	874
Non statutory receivables		
Other debtors	3,327	5,745
Provision for doubtful debts - other debtors	(65)	(56)
Total current trade and other receivables	**9,102**	**10,993**
Non-current		
Statutory receivables		
Special rate scheme	194	241
Total non-current trade and other receivables	**194**	**241**
Total trade and other receivables	**9,296**	**11,234**

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

(c) Ageing of Receivables

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

Current (not yet due)	2,807	5,447
Past due by up to 30 days	204	142
Past due between 31 and 180 days	189	42
Past due between 181 and 365 days	30	29
Past due by more than 1 year	31	29
Total trade and other receivables	**3,261**	**5,689**

(d) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of $65,000 (2021: $56,000) were impaired. The amount of the provision raised against these debtors was $65,000 (2021: $56,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due by more than 1 year	65	56
Total trade and other receivables	**65**	**56**

5.2 Non-financial assets	2022	2021
(a) Other assets		
Prepayments	202	946
Accrued income	955	5,219
Grant income receivable	6,816	1,529
Other	25	32
Total other assets	**7,998**	**7,726**

(b) Intangible assets		
Software	545	528
Landfill air space	454	1,354
Total intangible assets	**999**	**1,882**

	Software $'000	Landfill $'000	Total $'000
Gross carrying amount			
Balance at 1 July 2021	2,040	4,854	6,894
Other additions	102	-	102
Balance at 30 June 2022	**2,142**	**4,854**	**6,996**
Accumulated amortisation and impairment			
Balance at 1 July 2021	1,512	3,500	5,012
Amortisation expense	85	900	985
Balance at 30 June 2022	**1,597**	**4,400**	**5,997**
Net book value at 30 June 2021	528	1,354	1,882
Net book value at 30 June 2022	**545**	**454**	**999**

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

5.3 Payables, trust funds and deposits and unearned income/revenue	2022 $'000	2021 $'000
(a) Trade and other payables		
Non-statutory payables		
Trade payables	9,528	8,204
Accrued expenses	2,277	1,270
Total trade and other payables	**11,805**	**9,474**
(b) Trust funds and deposits		
Refundable deposits	2,391	2,248
Fire services levy	208	233
Retention amounts	434	354
Total trust funds and deposits	**3,033**	**2,835**
(c) Unearned income/revenue		
Grants received in advance - operating	3,099	35
Grants received in advance - capital	22,482	20,516
Caravan Park and other	224	243
Prepaid Marina Income	146	183
Total unearned income/revenue	**25,951**	**20,977**
(d) Unearned income - Non Current		
Prepaid Marina Income	428	383
	428	**383**

Unearned income/revenue represents consideration received in advance from customers in respect of government grants for projects yet to have completed the obligation for use of the grant, marina berth licences received for future years and caravan park bookings paid in advance. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

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

Purpose and nature of items

Refundable deposits - Deposits are taken by Council as a form of surety in a number of circumstances, including contract deposits and the use of civic facilities. Refundable deposits also include other monies received by Council in excess of amounts due to be paid and will either be returned or transferred in accordance with the purpose of the receipt.

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

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

5.4 Interest-bearing liabilities

	2022 $'000	2021 $'000
Current		
Other borrowings - secured	-	1,700
	-	**1,700**
Non-current		
Other borrowings - secured	1,650	1,650
	1,650	1,650
Total	**1,650**	**3,350**

Borrowings are secured by mortgages over the general rates of Council.

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

	2022	2021
Not later than one year	-	1,700
Later than one year and not later than five years	1,150	-
Later than five years	500	1,650
	1,650	**3,350**

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

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

5.5 Provisions

2022	**Employee $ '000**	**Landfill restoration $ '000**	**Native Vegetation $ '000**	**Total $ '000**
Balance at beginning of the financial year	7,004	11,792	192	18,988
Additional provisions	995	374	16	1,385
Amounts used	(638)	(708)	(21)	(1,367)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(711)	(1,499)	-	(2,210)
Balance at the end of the financial year	**6,650**	**9,959**	**187**	**16,796**

2021	**Employee $ '000**	**Landfill restoration $ '000**	**Native Vegetation $ '000**	**Total $ '000**
Balance at beginning of the financial year	6,717	15,040	211	21,968
Additional provisions	951	(186)	1	766
Amounts used	(460)	(2,502)	(20)	(2,982)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(204)	(560)	-	(764)
Balance at the end of the financial year	**7,004**	**11,792**	**192**	**18,988**

	2022 $'000	**2021 $'000**
Summary of provisions		
Current provisions		
Annual Leave	2,805	2,726
Long Service Leave	3,276	3,623
Landfill Restoration	5,072	3,222
Total current provisions	**11,153**	**9,571**
Non-current provisions		
Long service Leave	569	655
Landfill Restoration	4,887	8,570
Native Vegetation Offset	187	192
Total non-current provisions	**5,643**	**9,417**
Total provisions	**16,796**	**18,988**

(a) Employee provisions	**2022 $'000**	**2021 $'000**
Current provisions expected to be wholly settled within 12 months		
Annual leave	2,380	2,367
Long service leave	328	362
	2,708	**2,729**
Current provisions expected to be wholly settled after 12 months		
Annual leave	425	359
Long service leave	2,948	3,261
	3,373	**3,620**
Total current employee provisions	**6,081**	**6,349**
Non-current		
Long service leave	569	655
Total non-current employee provisions	**569**	**655**
Aggregate carrying amount of employee provisions:		
Current	6,081	6,349
Non-current	569	655
Total aggregate carrying amount of employee provisions	**6,650**	**7,004**

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

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:
- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

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

Long service leave

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

Key assumptions:		
- discount rate	3.33%	0.88%
- index rate	2.00%	1.50%

	2022	2021
(b) Landfill restoration provision	**$'000**	**$'000**
Current	5,072	3,222
Non-current	4,887	8,570
	9,959	**11,792**

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

Key assumptions:		
- discount rate	3.55%	0.013%
- index rate	2.00%	2.00%

(c) Native Vegetation Offset provision

Non-current	**187**	**192**
	187	**192**
Total Current	11,153	9,571
Total Non-current	5,643	9,417
Total Provisions	**16,796**	**18,988**

5.6 Financing arrangements

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

Bank overdraft	1,500	1,500
Credit card facilities	300	300
Treasury Corporation of Victoria facilities	8,305	3,305
Borrowings	1,650	3,350
Total facilities	**11,755**	**8,455**
Used facilities	1,694	3,386
Unused facilities	**10,061**	**5,069**

5.7 Commitments

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

(a) Commitments for expenditure

2022	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Operating					
Cleaning	707	50	-	-	757
Ferry Operations/Maintenance	65	1	-	-	66
Road Infrastructure Maintenance	599	600	654	-	1,853
Waste Management	4,204	4,076	2,639	-	10,919
Other Service Contracts	581	370	180	-	1,131
Total	**6,156**	**5,097**	**3,473**	**-**	**14,726**
Capital					
Buildings	189	-	-	-	189
Roads	117	-	-	-	117
Bridges	1,331	-	-	-	1,331
Recreation	16,546	-	-	-	16,546
Waste	2,065	-	-	-	2,065
Other	8,384	-	-	-	8,384
Total	**28,632**	**-**	**-**	**-**	**28,632**

2021	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Operating					
Cleaning	127	-	-	-	127
Ferry Operations/Maintenance	504	39	-	-	543
Road Infrastructure Maintenance	600	600	1,255	-	2,455
Waste Management	3,317	3,185	5,096	-	11,598
Other Service Contracts	568	436	527	-	1,531
Total	**5,116**	**4,260**	**6,878**	**-**	**16,254**
Capital					
Buildings	552	-	-	-	552
Roads	3,850	-	-	-	3,850
Bridges	3,384	-	-	-	3,384
Recreation	5,216	-	-	-	5,216
Waste	4,292	-	-	-	4,292
Other	1,010	-	-	-	1,010
Total	**18,304**	**-**	**-**	**-**	**18,304**

5.8 Leases

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

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

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

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
· Fixed payments
· Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
· Amounts expected to be payable under a residual value guarantee; and
· The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Council has elected to apply the temporary option available under *AASB 16 Leases* which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Right-of-Use Assets	Property	Equipment	Total
	$'000	$'000	$'000
Balance at 1 July 2021	774	11	785
Additions	65	72	137
Disposal	(63)	-	(63)
Amortisation charge	(70)	(18)	(88)
Balance at 30 June 2022	**706**	**65**	**771**

Lease Liabilities	2022	2021
Maturity analysis - contractual undiscounted cash flows	$'000	$'000
Less than one year	110	77
One to five years	261	288
More than five years	606	673
Total undiscounted lease liabilities as at 30 June	**977**	**1,038**
Lease liabilities included in the Balance Sheet at 30 June:		
Current	102	62
Non-current	758	759
Total lease liabilities	**860**	**821**

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than exisiting capitalisation thresholds for a like asset up to a maximum of AUD$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2022	2021
Expenses relating to:	$'000	$'000
Short-term leases	203	362
Leases of low value assets	30	28
Total	**233**	**390**
Variable lease payments (not included in measurement of lease liabilities)	Nil	Nil

Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:		
Within one year	108	40
Later than one year but not later than five years	22	35
Later than five years	36	40
Total lease commitments	**166**	**115**

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2021	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Carrying amount 30 June 2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property	266,151	-	365	10,554	(3,478)	-	(610)	2,637	**275,619**
Plant and equipment	14,270	-	-	-	(2,919)	(442)	-	4,358	**15,267**
Infrastructure	947,094	-	679	20,917	(17,372)	-	(1,833)	12,308	**961,793**
Work in progress	9,759	38,200	-	-	-	-	-	(18,389)	**29,570**
	1,237,274	**38,200**	**1,044**	**31,471**	**(23,769)**	**(442)**	**(2,443)**	**914**	**1,282,249**

Summary of Work in Progress	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	$'000	$'000	$'000	$'000	$'000
Property	1,261	8,783	-	(1,368)	**8,676**
Plant and equipment	160	5,534	-	(4,312)	**1,382**
Infrastructure	8,338	23,883	-	(12,709)	**19,512**
Total	**9,759**	**38,200**	**-**	**(18,389)**	**29,570**

(a) Property

	Land - specialised	Land - non specialised	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2021	146,008	3,634	**149,642**	17,095	169,392	**186,487**	1,261	**337,390**
Accumulated depreciation at 1 July 2021	-	-	**-**	(8,799)	(61,179)	**(69,978)**	-	**(69,978)**
	146,008	3,634	**149,642**	8,296	108,213	**116,509**	1,261	**267,412**
Movements in fair value								
Additions	-	-	**-**	-		**-**	8,783	**8,783**
Contributions	365	-	**365**	-	-	**-**	-	**365**
Revaluation	-	-	**-**	-	17,070	**17,070**	-	**17,070**
Disposal	(156)	-	**(156)**	-	(835)	**(835)**	-	**(991)**
Write-off	-	-	**-**	-	-	**-**	-	**-**
Transfers	452	-	**452**	-	2,691	**2,691**	(1,368)	**1,775**
Impairment losses recognised in operating result	-	-	**-**	-	-	**-**	-	**-**
	661	-	**661**	-	18,926	**18,926**	7,415	**27,002**
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	**-**	(252)	(3,226)	**(3,478)**	-	**(3,478)**
Revaluation	-	-	**-**	-	(6,516)	**(6,516)**	-	**(6,516)**
Accumulated depreciation of disposals	-	-	**-**	-	381	**381**	-	**381**
Impairment losses recognised in operating result	-	-	**-**	-	-	**-**	-	**-**
Transfers	-	-	**-**	-	(506)	**(506)**	-	**(506)**
	-	-	**-**	(252)	(9,867)	**(10,119)**	-	**(10,119)**
At fair value 30 June 2022	146,669	3,634	**150,303**	17,095	188,318	**205,413**	8,676	**364,392**
Accumulated depreciation at 30 June 2022	-	-	**-**	(9,051)	(71,046)	**(80,097)**	-	**(80,097)**
Carrying amount	**146,669**	**3,634**	**150,303**	**8,044**	**117,272**	**125,316**	**8,676**	**284,295**

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Work In Progress	Total plant and equipment
	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2021	22,400	10,526	5,024	5,105	160	**43,215**
Accumulated depreciation at 1 July 2021	(13,461)	(7,004)	(4,193)	(4,127)	-	**(28,785)**
	8,939	3,522	831	978	160	**14,430**
Movements in fair value						
Additions	-	-	-	-	5,534	**5,534**
Contributions	-	-	-	-	-	**-**
Revaluation	-	-	-	-	-	**-**
Disposal	(1,510)	-	-	-	-	**(1,510)**
Write-off	-	-	-	-	-	**-**
Transfers	2,663	787	696	212	(4,312)	**46**
Impairment losses recognised in operating result	-	-	-	-	-	**-**
	1,153	787	696	212	1,222	**4,070**
Movements in accumulated depreciation						
Depreciation and amortisation	(1,655)	(795)	(298)	(171)	-	**(2,919)**
Accumulated depreciation of disposals	1,068	-	-	-	-	**1,068**
Impairment losses recognised in operating result	-	-	-	-	-	**-**
Transfers	-	-	-	-		**-**
	(587)	(795)	(298)	(171)	-	**(1,851)**
At fair value 30 June 2022	23,553	11,313	5,720	5,317	1,382	**47,285**
Accumulated depreciation at 30 June 2022	(14,048)	(7,799)	(4,491)	(4,298)	-	**(30,636)**
Carrying amount	**9,505**	**3,514**	**1,229**	**1,019**	**1,382**	**16,649**

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Waste Management	Parks open space and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2021	747,288	109,602	35,322	91,119	35,287	10,809	34,053	8,677	12,225	27,133	8,338	**1,119,853**
Accumulated depreciation at 1 July 2021	(96,818)	(8,689)	(5,863)	(20,892)	(13,482)	(4,613)	(5,089)	(390)	(1,739)	(6,846)	-	**(164,421)**
	650,470	100,913	29,459	70,227	21,805	6,196	28,964	8,287	10,486	20,287	8,338	**955,432**
Movements in fair value												
Additions	-	-	-	-	-	-	-	-	-	-	23,883	**23,883**
Contributions	593	-	35	51	-	-	-	-	-	-	-	**679**
Revaluation	16,515	2,406	781	2,014	780	239	753	192	270	599	-	**24,549**
Disposal	(1,732)	(727)	-	-	-	-	-	-	-	-	-	**(2,459)**
Write-off	-	-	-	-	-	-	-	-	-	-	-	**-**
Transfers	7,228	3,423	702	477	-	229	-	7	75	167	(12,709)	**(401)**
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	**-**
	22,604	5,102	1,518	2,542	780	468	753	199	345	766	11,174	**46,251**
Movements in accumulated depreciation												
Depreciation and amortisation	(11,252)	(1,268)	(606)	(902)	(744)	(793)	(497)	(111)	(258)	(941)	-	**(17,372)**
Revaluation	(2,140)	(190)	(130)	(462)	(298)	(102)	(112)	(9)	(38)	(151)	-	**(3,632)**
Accumulated depreciation of disposals	532	94	-	-	-	-	-	-	-	-	-	**626**
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	**-**
Transfers	-	-	-	-	-	-	-	-	-	-		**-**
	(12,860)	(1,364)	(736)	(1,364)	(1,042)	(895)	(609)	(120)	(296)	(1,092)	-	**(20,378)**
At fair value 30 June 2022	769,892	114,704	36,840	93,661	36,067	11,277	34,806	8,876	12,570	27,899	19,512	**1,166,104**
Accumulated depreciation at 30 June 2022	(109,678)	(10,053)	(6,599)	(22,256)	(14,524)	(5,508)	(5,698)	(510)	(2,035)	(7,938)	-	**(184,799)**
Carrying amount	**660,214**	**104,651**	**30,241**	**71,405**	**21,543**	**5,769**	**29,108**	**8,366**	**10,535**	**19,961**	**19,512**	**981,305**

6.1 Property, infrastructure, plant and equipment (cont'd)

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	Depreciation Period	Threshold Limit
Asset recognition thresholds and depreciation periods		**$'000**
Land & land improvements		
land	-	-
Buildings		
buildings	15-80 years	5
building and leasehold improvements	15-80 years	5
Plant and Equipment		
ferry equipment	40 years	1
plant, machinery and equipment	5-10 years	1
fixtures, fittings and furniture	10-20 years	1
computers and telecommunications	5-10 years	1
library books	5-10 years	1
Infrastructure		
road pavements and seals	18-80 years	5
road wearing course	15-60 years	5
road formation and earthworks	-	5
road kerb, channel and minor culverts	70 - 80 years	5
bridges	60-100 years	5
footpaths and cycleways	15-65 years	5
drainage	100 years	5
recreational, leisure and community facilities	15-60 years	5
aerodromes	15-80 years	5
waste management landfill cells	3 years	5
waste management infrastructure	60 years	5
parks, open space and streetscapes	20-40 years	5
Intangible assets	3-10 years	1

Land under roads

Council recognises land under roads it controls at fair value after 30 June 2008.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

6.1 Property, infrastructure, plant and equipment (cont'd)

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date there were no leasehold improvements.

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Todd Svanberg, Certified Practicing Valuer CPV AAPI AM ASA, Director of JLL Public Sector Valuations Pty Ltd and Emily Villani RPV PMAPI, Valuer JLL Public Sector Valuations Pty Ltd as at 30 June 2019. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement. An index based revaluation was conducted in the current year for buildings only, this valuation was based on the Victoria Valuer-General's indices. A full revaluation of these assets will be conducted in 2022/23.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2022 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Specialised Land	-	-	146,669	30/06/2021
Non Specialised land	-	3,634	-	30/06/2021
Heritage Buildings	-	-	8,044	30/06/2019
Buildings	-	-	117,272	30/06/2022
Total	**-**	**3,634**	**271,985**	

Valuation of infrastructure

Valuation of all infrastructure assets was undertaken by Council's engineering and asset management staff as at 31 December 2017.

The date of the current valuation is detailed in the following table. An index based revaluation was conducted in the current year as at 31 December 2021, this valuation was based on Construction industries producer price indices for Victoria, a full revaluation of these assets will be conducted in 2022/23.

The valuation is at fair value based on current replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2022 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	660,214	31/12/2021
Bridges	-	-	104,651	31/12/2021
Footpaths and cycleways	-	-	30,241	31/12/2021
Drainage	-	-	71,405	31/12/2021
Recreational, leisure and community facilities	-	-	21,543	31/12/2021
Waste management	-	-	5,769	31/12/2021
Parks, open space and streetscapes	-	-	29,108	31/12/2021
Aerodromes	-	-	8,366	31/12/2021
Off street car parks	-	-	10,535	31/12/2021
Other infrastructure	-	-	19,961	31/12/2021
Total	**-**	**-**	**961,793**	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 0% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between $0.02 and $720 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from $257 to $8,442 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 15 years to 80 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 15 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2022	2021
Reconciliation of specialised land	**$'000**	**$'000**
Land under roads	2,998	2,691
Parks and reserves	74,649	74,596
Recreation and Leisure	38,582	38,582
Residential Land	469	469
Commercial Land	480	480
Aerodrome Land	2,413	2,413
Community Services Land	4,940	4,940
Business Centre/Library Land	3,929	3,929
Caravan Park Land	2,380	2,380
Carpark Land	3,844	3,693
Depot Land	239	239
Quarry Reserve Land	155	155
Drainage Reserve Land	6,691	6,541
Saleyard and Pound Facility Land	731	731
Waste Management Land	3,852	3,852
Road Reserves	317	317
Total specialised land	**146,669**	**146,008**

	2022	2021
6.2 Investment property	**$'000**	**$'000**
Balance at beginning of financial year	8,882	8,704
Additions	-	-
Transfer	(914)	-
Fair value adjustments	295	178
Balance at end of financial year	**8,263**	**8,882**

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise.

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by Todd Svanberg, Certified Practicing Valuer CPV AAPI AM ASA, Director of JLL Public Sector Valuations Pty Ltd and Emily Villani RPV PMAPI, Valuer JLL Public Sector Valuations Pty Ltd, who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property. An index based valuation was conducted in the current year. This valuation was based on Indices provided by the Victoria Valuer-General. A full valuation of these assets will be conducted in 2022/23.

	2022	2021
Note 7 People and relationships	**No.**	**No.**

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

East Gippsland Shire Council is the parent entity.

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of East Gippsland Shire Council. The Councillors, Chief Executive Officer and General Managers are deemed KMP.

Details of KMP at any time during the year are:

Councillors	Councillor Mark Reeves (Mayor from 28/10/2021 to 30/06/2022)
	Councillor Mendy Urie (Mayor - 1/7/2021 to 27/10/2021)
	Councillor Arthur Allen (Deputy Mayor 28/10/2021 to 30/6/2022)
	Councillor Jane Greacen
	Councillor Tom Crook
	Councillor Trevor Stow
	Councillor Kirsten Van Diggele
	Councillor Sonia Buckley
	Councillor John White
	Chief Executive Officer
	General Manager Business Excellence
	General Manager Assets and Environment
	General Manager Place and Community
	General Manager Bushfire Recovery (1/7/2021 to 31/12/2021)

	2022	2021
Total Number of Councillors	9	16
Total of Chief Executive Officer and other Key Management Personnel	5	5
Total Number of Key Management Personnel	**14**	**21**

(c) Remuneration of Key Management Personnel

	2022	2021
	$	**$**
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,263	1,318
Long-term benefits	22	25
Post employment benefits	88	92
Termination benefits	-	-
Total	**1,373**	**1,435**

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2022	2021
	No.	**No.**
$1 - $9,999	-	6
$10,000 - $19,999	-	7
$20,000 - $29,999	6	1
$30,000 - $39,999	1	-
$40,000 - $49,999	-	1
$50,000 - $59,999	2	1
$70,000 - $79,999	1	-
$200,000 - $209,999	-	2
$210,000 - $219,999	-	2
$220,000 - $229,999	3	-
$290,000 - $299,999	-	1
$300,000 - $309,999	1	-
	14	**21**

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:
a) has management responsibilities and reports directly to the Chief Executive; or
b) whose total annual remuneration exceeds $151,000 ($151,000 in 2020/21)

The number of Senior Officers are shown below in their relevant income bands:

	2022	2021
Income Range:	**No.**	**No.**
$180,000 - $189,999	-	1
$190,000 - $199,999	1	-
	1	**1**

	2022	2021
	$	**$**
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	**194,109**	**186,852**

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties.

1 For the year ended 30 June 2022, Council paid $112,938 to staff related to Key Management Personnel and has accrued benefits payable to these staff of $20,486 as at 30 June 2022, under standard employment terms and conditions.

2 For the year ended 30 June 2022, Council paid $212,510 to suppliers and contractors related to Key Management Personnel on normal commercial terms and conditions. Details of these related party transactions for Key Management Personnel are as follows:

Cr White	Melwood Investments Pty Ltd - $192,645 for contracted slashing services
Cr Allen	Leftrade Pty Ltd - $8,599 for works and services
Cr Greacen	Cunninghame Medical Cente - $266 for employee related medical services
General Manager Assets and Environment	The Right Man - $11,000 for consultancy services

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

Nil

(c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

Nil

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

Nil

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

(a) Contingent assets

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

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

	2022	2021
	$'000	$'000
Not later than one year	913	718
Later than one year and not later than five years	2,139	2,097
Later than five years	1,696	1,849
	4,748	**4,664**

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Future superannuation contributions

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 are $17,983.

Landfill

Council operates a number of landfills. Council will have to carry out site rehabilitation works in the future. Council has provided the Environment Protection Authority with a bank guarantee in their favour of $1.3 million to meet the remedial action financial assurance requirements for licenced landfill sites.

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

MAV Workcare

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013 , there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect participating members.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. Council assesses the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020* . Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(b), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 2.5% and -0.5% in market interest rates (AUD) from year-end rates of 0.85%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy , Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from two to four years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Note 9 Other matters

9.1 **Reserves** **(a) Asset revaluation reserves**	**Balance at beginning of reporting period** **$'000**	**Increment (decrement)** **$'000**	**Balance at end of reporting period** **$'000**
2022			
Property			
Land and land improvements	111,638	-	111,638
Buildings	84,209	10,554	94,763
	195,847	10,554	206,401
Infrastructure			
Roads	505,101	14,375	519,476
Bridges	73,975	2,216	76,191
Footpaths and cycleways	17,079	651	17,730
Drainage	43,745	1,552	45,297
Recreational, leisure and community facilities	13,760	482	14,242
Waste management	3,080	137	3,217
Parks, open space and streetscapes	10,969	641	11,610
Aerodromes	966	183	1,149
Offstreet car parks	1,882	232	2,114
Other infrastructure	17,343	448	17,791
	687,900	20,917	708,817
Total asset revaluation reserves	**883,747**	**31,471**	**915,218**
2021			
Property			
Land and land improvements	91,334	20,304	111,638
Buildings	84,209	-	84,209
	175,543	20,304	195,847
Infrastructure			
Roads	438,692	66,409	505,101
Bridges	64,857	9,118	73,975
Footpaths and cycleways	14,489	2,590	17,079
Drainage	37,015	6,730	43,745
Recreational, leisure and community facilities	11,715	2,045	13,760
Waste management	2,461	619	3,080
Parks, open space and streetscapes	7,991	2,978	10,969
Aerodromes	111	855	966
Offstreet car parks	846	1,036	1,882
Other infrastructure	15,603	1,740	17,343
	593,780	94,120	687,900
Total asset revaluation reserves	**769,323**	**114,424**	**883,747**

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

	Balance at beginning of reporting period $'000	Transfer from accumulated surplus $'000	Transfer to accumulated surplus $'000	Balance at end of reporting period $'000
(b) Other reserves				
2022				
Car Parking	193	-	-	193
Development Contribution Plans	19	110	-	129
Lakes Entrance Northern Growth Area	1	-	-	1
Recreational Land	873	273	(2)	1,144
Road Upgrading	34	25	-	59
Total Other reserves	**1,120**	**408**	**(2)**	**1,526**
2021				
Car Parking	193	-	-	193
Development Contribution Plans	19	-	-	19
Lakes Entrance Northern Growth Area	1	-	-	1
Recreational Land	815	58	-	873
Road Upgrading	34	-	-	34
Total Other reserves	**1,062**	**58**	**-**	**1,120**

The Recreation Land Reserve receives developer contributions for future development of public open space.

Development Contribution Plans receive contribution from developers upon the sale of land in a prescribed planning area.

The Car Parking Reserve receives developer funds for future development of public car parks.

The Road Upgrading Reserve receives contributions from developers for the future upgrade of specific roads as required by development plans.

Lakes Entrance Northern Growth Area receive contributions in accordance with the development plan.

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)

	2022 $'000	2021 $'000
Surplus/(deficit) for the year	30,976	19,517
Depreciation/amortisation	24,842	22,630
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(551)	64
Write off property, plant and equipment	2,442	6,626
Fair value adjustments for investment property	(295)	(178)
Contributions - Non-monetary assets	(1,044)	(6,077)
Financing cost in financing activities	339	309
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	1,969	1,410
Increase/(decrease) in other current assets	(303)	(365)
Increase/(decrease) in trade and other payables	1,666	(560)
(Decrease)/increase in other liabilities	5,019	17,881
(Decrease)/increase in provisions	(2,192)	(2,980)
Increase/(Decrease) in trust funds	198	36
Net cash provided by/(used in) operating activities	**63,066**	**58,313**

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of East Gippsland Shire Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.
As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.8%. The financial assumptions used to calculate the VBI were:

Net investment returns 4.75% pa
Salary information 2.75% pa
Price inflation (CPI) 2.25% pa.

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2022.

Vision Super has advised that the VBI at 30 June 2022 was 102.2%. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). The financial assumptions used to calculate this VBI were:

Net investment returns 5.5% pa
Salary information 2.5% pa to 30 June 2023, and
Price inflation (CPI) 3.0% pa.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2021 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years

Employer contributions

(a) Regular contributions

On the basis of the results of the 2021 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

(b) Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2021 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2021 and the last full investigation was conducted as at 30 June 2020.

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

	2021 (Interim) $m	2020 (Triennial) $m
- A VBI Surplus	214.7	100.0
- A total service liability surplus	270.3	200.0
- A discounted accrued benefits surplus	285.2	217.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2021.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2021.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2021.

Council was notified of the 30 June 2021 VBI during August 2021 (2020: August 2020).

The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2022 are detailed below:

Scheme	Type of Scheme	Rate	2022 $'000	2021 $'000
Vision super	Defined benefits	10.0% (2021:9.5%)	22	27
Vision super	Accumulation	10.0% (2021:9.5%)	1,051	1,431
Various other funds	Accumulation	10.0% (2021:9.5%)	2,007	1,334

There were contributions outstanding of $50,428 as at 30 June 2022 and no loans issued from or to the above schemes as at 30 June 2022.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is $17,983.

Note 10 Change in accounting policy

There have been no changes to accounting policies in the 2021-22 year.

There are no pending accounting standards that are likely to have a material impact on council

East Gippsland Shire Council
Performance Statement
For the year ended 30 June 2022

Description of municipality

East Gippsland is a large and vibrant region in a beautiful natural setting, home to proud and involved communities that embrace and encourage self-reliance, responsibility and new ideas. The past 30 years have seen East Gippsland evolve from its rural origins to a flourishing economic and tourism region in Eastern Victoria, drawing more than one million visitors each year.

The region has kept its identity and sense of place as it has grown. The shire stretches from west of Bairnsdale to the New South Wales border, covering more than 21,000 square kilometres or 10 per cent of the state. East Gippsland's unique qualities are both its strength and challenges. The region is distinguished by its natural setting, with its southern edge defined by the Gippsland Lakes and rugged coastline and the rising backdrop of the High Country. Historical rural landscapes and natural bushland areas characterise the region and surround its communities.

As East Gippsland has matured as a region, its communities have also developed and diversified. East Gippsland has an abundance of local producers. Fruit and vegetables, beef, lamb, seafood, milk, eggs and nuts are all grown in this diverse growing region. With its fertile soils, good rainfall and temperate climate, East Gippsland is a food bowl for Australia, producing fresh fruit and vegetables all year round.

East Gippsland Shire Council
Sustainable Capacity Indicators
For the year ended 30 June 2022

		Results				
	***Indicator** / measure*	**2019**	**2020**	**2021**	**2022**	**Material Variations and Comments**
	Population					
C1	*Expenses per head of municipal population* [Total expenses / Municipal population]	$1,953.22	$2,250.55	$2,386.32	$2,285.97	There has been significant additional expenditure for the last 3 years relating to bushfire grant funded programs together with additional expenditure relating to the restoration works following the 2019-20 bushfires. This has increased this measure over the last three years; but will also begin to reduce potentially as funded programs and works are completed.
C2	*Infrastructure per head of municipal population* [Value of infrastructure / Municipal population]	$21,029.01	$20,767.18	$22,789.57	$23,419.57	
C3	*Population density per length of road* [Municipal population / Kilometres of local roads]	15.86	15.89	15.99	15.95	
	Own-source revenue					
C4	*Own-source revenue per head of municipal population* [Own-source revenue / Municipal population]	$1,599.56	$1,788.08	$1,906.34	$1,791.01	There was significant income in 2019-20 and 2020-21 from bushfire related activities where Council was reimbursed for restoration works as well as a significant increase in user fees from the income for disposing of bushfire waste. Own source revenue has now reduced to a more normal level.
	Recurrent grants					
C5	*Recurrent grants per head of municipal population* [Recurrent grants / Municipal population]	$414.07	$471.68	$439.73	$564.45	The increase in the advance Victoria Grants Commission payment in 2021-22 year over the advance payment in the 2020-21 year was $5.3m and this accounts for the increase in recurrent grants per head of municipal population.
	Disadvantage					
C6	*Relative Socio-Economic Disadvantage* [Index of Relative Socio-Economic Disadvantage by decile]	3.00	3.00	3.00	3.00	

	Workforce Turnover					
C7	*Percentage of staff turnover* [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100	11.6%	9.6%	12.8%	20.5%	The increase in turnover is consistent with trends across Australia with low turnover during the pandemic due to concerns with job security. With the lifting of restrictions and ability to travel both interstate and internationally, there has been an increase in resignations as well as earlier retirement of the workforce which may contribute to the increased turnover.

Definitions

"adjusted underlying revenue" means total income other than:

(a) non-recurrent grants used to fund capital expenditure; and

(b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to above

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

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

"population" means the resident population estimated by council

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

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

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

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

East Gippsland Shire Council
Service Performance Indicators
For the year ended 30 June 2022

	Service/ *indicator*/ *measure*	Results 2019	2020	2021	2022	Material Variations and Comments
	Aquatic Facilities					
AF6	***Utilisation***					
	Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	8.31	5.63	4.06	6.07	Attendance steadily increased over the year as COVID-19 restrictions eased and more services and programs were reintroduced in the facilities. For the period 1 April - 30 June, the attendance returned to similar rates experienced before the bushfires and COVID-19.
	Animal Management					
AM7	***Health and safety***					
	Animal management prosecutions [Number of successful animal management prosecutions]	New in 2020	100%	0	100%	There were four animal management prosecutions, and Council was successful with all four cases. Prosecutions are conducted on an as needs basis or when required under the *Domestic Animals Act 1994.*
	Food Safety					
FS4	***Health and safety***					
	Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	90.48%	85.71%	100.00%	100.00%	All major and critical non-compliance notifications for food premises were followed up. For the 2021 period, there were eight critical and major non-compliance notifications.
	Governance					
G5	***Satisfaction***					
	Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	46.00	54.00	51.00	50.00	Council has considered a number of matters in which community interest was high. A focus for Council is to continue to represent the interests of the community by considering and being responsive to the diversity of interests and needs of the municipal community.

East Gippsland Shire Council
Service Performance Indicators
For the year ended 30 June 2022

	Service/*indicator*/*measure*	Results 2019	2020	2021	2022	Material Variations and Comments
	Libraries					
LB4	***Participation***					
	Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	19.60%	19.01%	16.88%	13.81%	As this indicator is averaged out over the past three years, this year's result is showing the extended impacts of the Black Summer Bushfires and COVID-19 lockdowns and restrictions.
	Roads					
R5	***Satisfaction***					
	Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	49.00	55.00	53.00	41.00	Council manages almost 1,500km of sealed roads and invests heavily in the maintenance and upgrade of these roads annually. The wet conditions over the past year have had an adverse effect on roads throughout East Gippsland, including Council managed roads and roads managed by other State authorities. The reduction in satisfaction is felt to reflect general dissatisfaction with all roads regardless of who is the responsible road authority, with this reflected in the verbatim comments that accompanied the survey, many of which focused on Department of Transport managed roads.
	Statutory Planning					
SP4	***Decision making***					
	Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	25.00%	100%	50.00%	75.00%	Four of Council's planning decisions were appealed to VCAT over the year, with one being upheld, one set aside and two were varied by VCAT.
	Waste Collection					
WC5	***Waste diversion***					
	Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	51.45%	52.48%	53.48%	53.32%	The consistent higher result for this indicator is due to the higher volume of green organics collected. This is attributed to the higher rainfall across the year causing more need for garden maintenance and collection.

East Gippsland Shire Council
Service Performance Indicators
For the year ended 30 June 2022

Definitions

"active library borrower" means a borrower of a library who has borrowed a book from the library.

"annual report" means an annual report prepared by a council under sections 98 of the Act

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"critical non-compliance outcome notification" means a notification received by council under section 19N (3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the *Food Act 1984*

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"major non-compliance outcome notification" means a notification received by a council under section 19N (3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"population" means the resident population estimated by council.

East Gippsland Shire Council
Financial Performance Indicators
For the year ended 30 June 2022

	Dimension/*indicator*/*measure*	Results 2019	2020	2021	2022	Forecasts 2023	2024	2025	2026	Material Variations and Comments
	Efficiency									
	Expenditure level									
E2	*Expenses per property assessment* [Total expenses / Number of property assessments]	$2,882.19	$3,356.25	$3,549.43	$3,414.94	$3,395.42	$3,232.79	$3,257.67	$3,327.94	There was a significant increase in expenses post the 2019-20 bushfire events and this has impacted on the indicator for the last three years. It is expected that this indicator will reduce over the coming years back to a more normal level.
	Revenue level									
E4	*Average residential rate per residential property assessment* [Residential rate revenue / Number of residential property assessments]	New in 2020	$1,599.31	$1,623.26	$1,653.46	$1,679.24	$1,701.64	$1,723.74	$1,750.43	Rates have only increased by the rate cap plus growth.
	Liquidity									
	Working capital									
L1	*Current assets compared to current liabilities* [Current assets / Current liabilities] x100	349.01%	344.27%	248.59%	256.80%	179.55%	151.05%	129.49%	139.47%	A slight increase but consistent with the previous year as a result of the capital works and landfill rehabilitation projects incomplete in the 2021-22 year that are carried forward for completing in the 2022-23 year. This results in a decrease to cash at year end in the 2022-23 year when compared to the 2021-22 year and results in a reduction to current assets in the forecast years as the assumption is that capital works and landfill rehabilitation projects will all be completed in the year that they are budgeted in. This accounts for the reduction in this indicator for the 2022-23 year onwards.

East Gippsland Shire Council
Financial Performance Indicators
For the year ended 30 June 2022

	Dimension/ ***indicator***/ *measure*	Results 2019	2020	2021	2022	Forecasts 2023	2024	2025	2026	Material Variations and Comments
	Unrestricted cash									
L2	*Unrestricted cash compared to current liabilities* [Unrestricted cash / Current liabilities] x100	-8.44%	48.17%	123.66%	61.38%	94.57%	56.30%	44.91%	46.70%	Current liabilities have increased over the previous year as a result of additional unearned income for capital projects. There was also a movement from non-current provisions for landfill rehabilitation to current provisions. This has reduced the percentage as a result. In the future years unrestricted cash is reduced as a result of advance grant funds being used together with funds being utilised from internal discretionary reserve for specific works. As a result the ratio will decrease in future years.
	Obligations									
	Loans and borrowings									
O2	*Loans and borrowings compared to rates* [Interest bearing loans and borrowings / Rate revenue] x100	7.15%	5.69%	5.53%	2.64%	15.27%	14.85%	13.37%	11.90%	A loan repayment of $1.7m was made during the 2021-22 year whilst no new borrowings were taken up in the 2021-22 year. New borrowings are planned in the 2022-23 year of $4.168m and this will impact on the indicator in the out years.
O3	*Loans and borrowings repayments compared to rates* [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.99%	1.75%	0.48%	3.23%	3.01%	0.46%	1.52%	1.48%	Loan repayments of $1.7m were made during the 2021-22 year whilst in the previous financial year there were no borrowings repaid. This indicator will increase in the outyears as new borrowings and repayments are planned from the 2022-23 year onwards.
	Indebtedness									

East Gippsland Shire Council
Financial Performance Indicators
For the year ended 30 June 2022

	Dimension/*indicator*/*measure*	Results 2019	Results 2020	Results 2021	Results 2022	Forecasts 2023	Forecasts 2024	Forecasts 2025	Forecasts 2026	Material Variations and Comments
O4	*Non-current liabilities compared to own source revenue* [Non-current liabilities / Own source revenue] x100	16.35%	19.91%	13.42%	9.79%	23.43%	22.06%	16.69%	19.02%	Non-current liabilities decreased as a result of a movement from non-current to current liabilities for the Landfill Rehabilitation provision. This has reduced the total of non-current liabilities as a percentage of own source revenue.
	Asset renewal									
O5	*Asset renewal and upgrade compared to depreciation* [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	136.06%	147.69%	112.75%	285.12%	189.16%	152.86%	106.36%	Council aims for this indicator to be at 100% or greater and the result is based on the actual capital works undertaken each year.
	Operating position									
	Adjusted underlying result									
OP1	*Adjusted underlying surplus (or deficit)* [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	4.34%	9.78%	4.49%	10.33%	-12.03%	-0.87%	0.82%	-0.21%	The increased advance Victoria Grants Commission payment was the main contributor to the increase result in this indicator. The underlying deficits forecasts for the 2022-23 and 2023-24 year are a result of grant funding being received in earlier years but the expenditure continuing into the 2022-23 and 2023-24 years.
	Stability									
	Rates concentration									
S1	*Rates compared to adjusted underlying revenue* [Rate revenue / Adjusted underlying revenue] x100	59.64%	49.85%	50.77%	50.72%	65.84%	63.37%	62.72%	63.07%	The 2021-22 result is consistent with the previous year noting that the advance Victoria Grants Commission payment has increased the underlying revenue for the 2021-22 year and reduced the underlying revenue in the

East Gippsland Shire Council
Financial Performance Indicators
For the year ended 30 June 2022

	Dimension/*indicator*/*measure*	Results				Forecasts				Material Variations and Comments
		2019	2020	2021	2022	2023	2024	2025	2026	
										2022-23 year which has then increased the percentage of rates compared to underlying revenue in 2022-23. This then remains consistent in the forecast years.
	Rates effort									
S2	*Rates compared to property values* [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.57%	0.55%	0.55%	0.51%	0.40%	0.35%	0.32%	0.30%	The significant increase in property CIV of approximately 31% overall has resulted in a decrease in rates compared to property values. The assumption going forward is that property values will increase at a greater percentage that the annual percentage increase in rates.

Definitions

"adjusted underlying revenue" means total income other than:
- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

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

"population "means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges "recurrent grant "means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

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

East Gippsland Shire Council
Other Information
For the year ended 30 June 2022

	Retired measures Service/ ***indicator***/ *measure*	Results 2019	2020	2021	2022	Material Variations and Comments
	Animal Management					
AM4	***Health and Safety***					
	Animal management prosecutions [Number of successful animal management prosecutions]	2.00	Retired in 2020	Retired in 2020	Retired in 2020	This measure was replaced by AM7 from 1 July 2019.
	Efficiency					
E1	***Revenue level*** *Average residential rate per residential property assessment* [Residential rate revenue / Number of residential property assessments]	$1,689.12	Retired in 2020	Retired in 2020	Retired in 2020	This measure was replaced by E4 from 1 July 2019.
	Obligations					
O1	***Asset renewal*** *Asset renewal compared to depreciation* [Asset renewal expense / Asset depreciation] x 100	112.51%	Retired in 2020	Retired in 2020	Retired in 2020	This measure was replaced by O5 from 1 July 2019.

1. Basis of preparation

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

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

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

The forecast figures included in the performance statement are those adopted by council in its financial plan on 28 June 2022. The financial plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The financial plan can be obtained by contacting council.

East Gippsland Shire Council
Independent Auditor's Report
For the year ended 30 June 2022

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

E. Collins

Elizabeth Collins, CPA
Principal Accounting Officer
Dated: 20 September 2022

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

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

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

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

Councillor Mark Reeves
Councillor
Dated: 20 September 2022

Councillor Arthur Allen
Councillor
Dated: 20 September 2022

F Weigall

Fiona Weigall
Acting Chief Executive Officer
Dated: 20 September 2022

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of East Gippsland Shire Council

Opinion	I have audited the accompanying performance statement of East Gippsland Shire Council (the council) which comprises the: • description of municipality for the year ended 30 June 2022 • sustainable capacity indicators for the year ended 30 June 2022 • service performance indicators for the year ended 30 June 2022 • financial performance indicators for the year ended 30 June 2022 • other information and • certification of the performance statement. In my opinion, the performance statement of East Gippsland Shire Council in respect of the year ended 30 June 2022 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 4 of the *Local Government Act 2020 and Local Government (Planning and Reporting) Regulations 2020*.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the performance statement* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the performance statement	The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020* and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of a performance statement that is free from material misstatement, whether due to fraud or error.

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Auditor's responsibilities for the audit of the performance statement

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

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

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

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

T. Dtt

MELBOURNE
28 September 2022

Travis Derricott
as delegate for the Auditor-General of Victoria

East Gippsland Shire Council

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