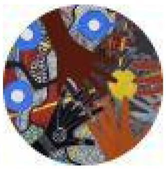
Unscheduled Council Meeting Agenda

Tuesday 24 September 2024 at 3:30 PM
Council Chambers (and by video conferencing)
East Gippsland Shire Council Corporate Centre
273 Main Street, Bairnsdale 3875



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 value 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.

Council information

East Gippsland Shire Council live streams, records and publishes its meetings via webcasting (youtube.com/c/EastGippyTV) to enhance the accessibility of its meetings to the broader East Gippsland community.

These recordings are also archived and available for viewing by the public or used for publicity or information purposes. At the appropriate times during the meeting, any members of the gallery who are addressing the council will have their image, comments or submissions recorded.

No other person has the right to record Council meetings unless approval has been granted by the Chair.

In line with the *Local Government Act* 2020, Councillors are able to attend Council meetings electronically or in person and the meetings will be open to the public via livestreaming.

Members of the public are invited to view the Council Meeting livestreamed by following the link on Council's website or Facebook page.

Councillors

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

Executive Leadership Team

Fiona Weigall Chief Executive Officer
Stuart McConnell General Manager Assets and Environment
Sarah Johnston General Manager Business Excellence
Chris Stephenson General Manager Place and Community

Purpose of Council meetings

(1) Council holds scheduled meetings and, when required, unscheduled meetings to conduct the business of Council.
(2) Council is committed to transparency in decision making and, in accordance with the *Local Government Act 2020*, Council and Delegated Committee meetings are open to the public and the community are able to attend.
(3) Meetings will only be closed to members of the public, in accordance with section 66 of the Act, if:
  (a) there are clear reasons for particular matters to remain confidential; or
  (b) a meeting is required to be closed for security reasons; or
  (c) it is necessary to enable the meeting to proceed in an ordinary manner.
(4) A meeting closed to the public for the reasons outlined in sub-rule 3(b) or 3(c) will continue to be livestreamed. In the event a livestream is not available:
  (a) the meeting may be adjourned; or
  (b) a recording of the proceedings may be available on the Council website.

Governance Rules

A copy of East Gippsland Shire Council's governance rules can be found at
https://www.eastgippsland.vic.gov.au/council/council-policies

Councillors pledge

As Councillors of East Gippsland Shire Council, we solemnly and sincerely declare and affirm that we will consider each item on this agenda in the best interests of the whole municipal community.

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.

Our Strategic Objectives

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

Index

1 Procedural

1.1 Recognition of Traditional Custodians

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 value 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.

1.2 Purpose of Meeting

In accordance with Rule 4.3(3) of Council's Governance Rules, Fiona Weigall Chief Executive Officer, in consultation with the Mayor Cr Tom Crook and Councillors, has called an unscheduled Council meeting to consider an item relating to Council business.

Fiona Weigall Chief Executive Officer, as required under Rule 4.3(6) of Council's Governance Rules, has given notice on the Council website of the unscheduled Council Meeting on Tuesday 24 September 2024 at 3.30 pm.

1.3 Apologies

1.4 Declaration of Conflict of Interest

1.5 Next Meeting

The next Council Meeting is scheduled to be held on Tuesday 15 October 2024 at the Corporate Centre, 273 Main Street Bairnsdale commencing at 6.00 pm.

2 Officer Reports

2.1 Business Excellence

2.1.1 Annual Financial Statements 2023/24 and Performance Statement 2023/24

Authorised by General Manager Business Excellence

Election Period Statement

The recommended decision is not a Prohibited Decision as defined in section 69(2) of the *Local Government Act* 2020, or a Major Decision as defined by Council's Election Period Policy.

Conflict of Interest

Officers preparing this report have no conflict of interest to declare.

Executive Summary

Councils are required to produce an Annual Report each financial year. The Annual Report includes financial statements, a performance statement and a range of other information to discharge Councils' reporting requirements.

As it is an election year, the Annual Report must be presented to an open Council meeting before the general election day, which this year is Saturday 26 October 2024.

Due to the limited time available to achieve these requirements, provision exists in the *Local Government Act 2020* (the Act) for Councils to adopt the Financial and Performance Statements 'in principle' before the finalising by the Victorian Auditor - General (Auditor).

This report provides Council with the 2023/24 Financial Statements and Performance Statement, noting their draft pre-audit status at the time of writing this report, and seek a resolution appointing two Councillors to certify the Financial Statements and the Performance Statement in their final form. A copy of the Financial Statements is provided at **Attachment 1** and the Performance Statement is provided at **Attachment 2**.

The Auditor will present the Financial Statements and Performance Statement to the Audit and Risk Committee (Committee) meeting on Tuesday 24 September 2024. After discussion between the Committee and the Auditor, it is anticipated that the Committee will recommend that Council provides 'in principle' approval of the Financial and Performance Statements and appoint two Councillors to certify the Statements in their final form. Past practice has been that two Councillors who sit on the Committee are nominated to sign the Financial Statements and Performance Statement.

The Auditor must not sign the audit reports unless the Financial Statements and Performance Statement have been certified by two Councillors.

Officer Recommendation

That Council, having considered a recommendation from the East Gippsland Shire Council Audit and Risk Committee:

1. ***provides 'in principle' approval to the Financial Statements 2023/24 as provided at Attachment 1, subject to the Victorian Auditor - General's review;***

2. ***provides 'in principle' approval to the Performance Statement 2023/24 as provided at Attachment 2, subject to the Victorian Auditor - General's review; and***

3. ***appoints Councillors __________________and ________________ to certify the Financial Statements 2023/24 and the Performance Statement 2023/24 in their final form.***

Financial Statements 2023/24

Council has prepared the draft Annual Financial Statements and the Performance Statement for the year ending 30 June 2024.

Key results in the financial statements

The financial statements include the comprehensive income statement, balance sheet, cash flows, equity and capital works statement and summarise the financial position of Council as at 30 June 2024. Key result in the financial statements are as follows:

The 2023/24 operating surplus is $22.5m before the revaluation adjustment, against a budgeted operating surplus of $43.5m, being a variance of $21m. Total income was less than budget by 9% and expenditure also exceeded budget by 5%. The comprehensive result includes a net revaluation loss of $124.98m.

Key financials

- Total operating income $154m compared to budget of $168.8m.
- Total operating expenditure $131.4m compared to budget $125.2m.
- Property, infrastructure, plant and equipment written down value of $1.362 billion; being valuations of $1.877 billion less accumulated depreciation of $515m.
- Capital works of $56.641m during 2023/24.

Cash and cash equivalents held at year end were $117.1m, an increase of $22.1m from the previous year. There are a number of restrictions on the cash held at year end as follows:

- Trust Funds and deposits $4.1m.
- Grant funding received in advance $15.4m.
- Reserves statutory $2.6m.
- Reserves discretionary $12.4m.
- Council cash contribution held to fund carried forward capital works $30.25m.

A summary of key financial sustainability indicators is included below:

Key financial sustainability indicators

An important ratio reported by Councils is the Working Capital Ratio, sometimes referred to as the Liquidity ratio, which demonstrates the level of current assets to current liabilities. This is well above the target of 150% set in the budget and considered low risk. A further key indicator is the asset renewal gap, which is also over the 100% target set in the budget.

Indicator	2023/24 Result	2022/23 Result	Risk indicator
Net result (%)	14.60%	24.20%	LOW
Adjusted underlying result (%)	(23.30%)	13.92%	Medium
Liquidity (%)	282.70%	307.46%	LOW
Indebtedness (%)	18.17%	7.96%	LOW
Asset renewal gap (%)	126.50%	97.34%	LOW

The adjusted underlying result has a medium risk rating. The calculation for this indicator excludes income from non-cash contributions and non-recurring grant income. The result for the 2023/24 year was impacted by the $19.6m Grants Commission 2023/24 year payment being received and included in the 2022/23 year.

An infrastructure revaluation was completed during the 2023/24 financial year. This has resulted in a net decrease of 8% in the value of infrastructure assets that is reflected in both the non-current asset written down values and the asset revaluation reserve (part of total equity).

Performance Statement

The Local Government Performance Reporting Framework (LGPRF) requires Councils to report against prescribed indicators and measures, as part of their annual report.

Data and information have been collected and finalised to meet the requirements of the LGPRF. This information is used in both the Report of Operations and the Performance Statement in the Annual Report. Only the data in the Performance Statement must be audited. There are a larger set of indicators which will be reported through the LGPRF framework and published on the VAGO and Victorian Government websites.

Legislation

Sections 98, 99 and 100 of the Act detail the requirements in respect of the preparation and certification of the Annual Report, annual financial statements and performance statement.

The implications of this report have been assessed and are not considered likely to breach or infringe upon the human rights detailed in the Victorian Government's Charter of *Human Rights and Responsibilities Act* 2006.

The implications of this report have been assessed and align with the principles and objects of the *Gender Equality Act* 2020.

Council Plan

This report has been prepared and aligned with the following strategic objectives set out in the Council Plan 2021-2025:

Strategic Objective 5: 5.5 Resources are managed to meet current and future needs and priorities.

Gender Impact Statement

The Financial Statements 2023/24 and Performance Statement 2023/24 have considered the *Gender Equality Act* 2020 in its preparation and has been assessed as not requiring a Gender Impact Assessment (GIA).

Engagement

Ongoing discussions have occurred with Council's Auditor in the preparation of the Financial Statements and the Performance Statement. The Auditor will present the Financial Statements and the Performance Statement to the Committee for discussion and review on Tuesday 24 September 2024.

Attachments

1. Financial Statements 2023/24 [**2.1.1.1** - 62 pages]
2. Performance Statement 2023/24 [**2.1.1.2** - 19 pages]

East Gippsland Shire Council

ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2024

East Gippsland Shire Council
Financial Report
Table of Contents

East Gippsland Shire Council
Financial Report
Table of Contents

FINANCIAL REPORT **Page**

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.

Elizabeth Collins CPA
Principal Accounting Officer
Dated : *<Date>*
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 2024 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
Dated : *<Date>*
Bairnsdale

Councillor
Dated : *<Date>*
Bairnsdale

Fiona Weigall
Chief Executive Officer
Dated : <Date>
Bairnsdale

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Comprehensive Income Statement
For the Year Ended 30 June 2024

	Note	2024 $'000	2023 $'000
Income / Revenue			
Rates and charges	3.1	69,885	65,592
Statutory fees and fines	3.2	2,924	2,581
User fees	3.3	14,113	13,074
Grants - operating	3.4	5,080	42,317
Grants - capital	3.4	22,105	18,802
Contributions - monetary	3.5	1,033	853
Contributions - non monetary	3.5	27,645	2,346
Net gain on disposal of property, infrastructure, plant and equipment	3.6	8	437
Fair value adjustments for investment property	6.2	244	-
Other income	3.7	10,958	10,016
Total income / revenue		**153,995**	**156,018**
Expenses			
Employee costs	4.1	41,447	36,782
Materials and services	4.2	52,618	47,955
Depreciation	4.3	29,294	24,506
Amortisation - intangible assets	4.4	950	553
Depreciation - right of use assets	4.5	89	89
Allowance for impairment losses	4.6	94	112
Borrowing costs	4.7	314	150
Landfill rehabilitation provision movement	5.5	(311)	1,621
Finance costs - leases	4.8	16	17
Fair value adjustments for investment property	6.2	-	677
Other expenses	4.9	6,932	5,744
Total expenses		**131,443**	**118,206**
Surplus for the year		**22,552**	**37,812**
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain/(loss)	6.1	(124,980)	144,673
Total other comprehensive income		**(124,980)**	**144,673**
Total comprehensive result		**(102,428)**	**182,485**

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

Balance Sheet
As at 30 June 2024

	Note	2024	2023
		$'000	$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	117,192	95,045
Trade and other receivables	5.1	10,189	8,768
Other financial assets	5.1	-	45,262
Prepayments	5.2	1,356	1,043
Other assets	5.2	4,547	4,528
Total current assets		**133,284**	**154,646**
Non-current assets			
Trade and other receivables	5.1	154	243
Other financial assets	5.1	10	10
Property, infrastructure, plant and equipment	6.1	1,362,142	1,442,201
Right-of-use assets	5.8	593	682
Investment property	6.2	10,787	7,455
Intangible assets	5.2	3,663	446
Total non-current assets		**1,377,349**	**1,451,037**
Total assets		**1,510,633**	**1,605,683**
Liabilities			
Current liabilities			
Trade and other payables	5.3	12,873	12,958
Trust funds and deposits	5.3	4,137	3,755
Contract and other liabilities	5.3	15,815	19,197
Provisions	5.5	13,579	13,054
Interest-bearing liabilities	5.4	663	1,262
Lease liabilities	5.8	79	75
Total current liabilities		**47,146**	**50,301**
Non-current liabilities			
Contract and other liabilities	5.3	340	419
Provisions	5.5	7,694	4,550
Interest-bearing liabilities	5.4	9,196	1,650
Lease liabilities	5.8	600	678
Total non-current liabilities		**17,830**	**7,297**
Total liabilities		**64,976**	**57,598**
Net assets		**1,445,657**	**1,548,085**
Equity			
Accumulated surplus		508,156	486,359
Reserves	9.1	937,501	1,061,726
Total Equity		**1,445,657**	**1,548,085**

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

Statement of Changes in Equity
For the Year Ended 30 June 2024

2024	Note	Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
Balance at beginning of the financial year		1,548,085	486,359	1,059,891	1,835
Surplus/(deficit) for the year		22,552	22,552	-	-
Net asset revaluation gain/(loss)	6.1	(124,980)	-	(124,980)	-
Transfers to other reserves	9.1	-	(755)	-	755
		1,445,657	508,156	934,911	2,590
Balance at end of the financial year		**1,445,657**	**508,156**	**934,911**	**2,590**

2023		Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
Balance at beginning of the financial year		1,365,600	448,856	915,218	1,526
Surplus/(deficit) for the year		37,812	37,812		-
Net asset revaluation gain/(loss)	6.1	144,673	-	144,673	-
Transfers to other reserves	9.1	-	(307)	-	307
Transfers from other reserves	9.1	-	(2)	-	2
		1,548,085	486,359	1,059,891	1,835
Balance at end of the financial year		**1,548,085**	**486,359**	**1,059,891**	**1,835**

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 2024

	Note	2024 Inflows/ (Outflows) $'000	2023 Inflows/ (Outflows) $'000
Cash flows from operating activities			
Rates and charges		67,827	64,886
Statutory fees and fines		2,946	2,493
User fees		16,588	15,378
Grants - operating		3,454	42,238
Grants - capital		20,595	15,008
Contributions - monetary		1,042	871
Reimbursements		3,779	5,735
Interest received		7,074	3,291
Trust funds and deposits taken		12,598	11,911
Other receipts		(7)	1,185
Net GST refund/payment		3,019	3,273
Employee costs		(40,585)	(36,330)
Materials and services		(54,085)	(55,141)
Trust funds and deposits repaid		(12,216)	(11,189)
Other payments		(2,015)	(1,821)
Net cash provided by/(used in) operating activities		**30,014**	**61,788**
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(61,028)	(39,893)
Proceeds from sale of property, infrastructure, plant and equipment		1,341	873
Payments for investments		-	(45,262)
Proceeds from sale of investments		45,262	-
Net cash provided by/(used in) investing activities		**(14,425)**	**(84,282)**
Cash flows from financing activities			
Finance costs		(299)	(136)
Proceeds from borrowings		7,043	1,262
Repayment of borrowings		(96)	-
Interest paid - lease liability		(16)	(17)
Repayment of lease liabilities		(74)	(107)
Net cash provided by/(used in) financing activities		**6,558**	**1,002**
Net increase (decrease) in cash and cash equivalents		22,147	(21,492)
Cash and cash equivalents at the beginning of the financial year		95,045	116,537
Cash and cash equivalents at the end of the financial year		**117,192**	**95,045**
Financing arrangements	5.6	**1,742**	**8,790**

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 2024

	2024 $'000	2023 $'000
Property		
Land	174	937
Total land	**174**	**937**
Buildings	16,888	13,722
Heritage buildings	10	115
Total buildings	**16,898**	**13,837**
Total property	**17,072**	**14,774**
Plant and equipment		
Plant, machinery and equipment	5,182	2,453
Fixtures, fittings and furniture	280	393
Computers and telecommunications	905	1,480
Library books	207	205
Total plant and equipment	**6,574**	**4,531**
Infrastructure		
Roads	11,289	8,730
Bridges	3,716	2,813
Footpaths and cycleways	3,160	478
Drainage	1,191	190
Recreational, leisure and community facilities	4,106	1,825
Waste management	205	1,130
Parks, open space and streetscapes	3,982	1,736
Aerodromes	9	-
Off street car parks	1,371	625
Other infrastructure	3,966	5,002
Total infrastructure	**32,995**	**22,529**
Total capital works expenditure	**56,641**	**41,834**
Represented by:		
New asset expenditure	19,584	17,980
Asset renewal expenditure	32,423	21,797
Asset upgrade expenditure	4,634	2,057
Total capital works expenditure	**56,641**	**41,834**

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

Notes to the Financial Report
For the Year Ended 30 June 2024

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.

Accounting policy information

1.1 Basis of accounting

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

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

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

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.

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.

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
- other areas requiring judgements

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

Goods and Services Tax (GST)

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

Notes to the Financial Report
For the Year Ended 30 June 2024

Note 2 ANALYSIS OF OUR RESULTS

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.

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 / Revenue and expenditure

	Budget 2024 $'000	Actual 2024 $'000	Variance $'000	Variance %	Ref
Income / Revenue					
Rates and charges	69,205	69,885	**680**	**1%**	**1**
Statutory fees and fines	2,238	2,924	**686**	**31%**	**2**
User fees	13,241	14,113	**872**	**7%**	**3**
Grants - operating	23,917	5,080	**(18,837)**	**(79%)**	**4**
Grants - capital	54,209	22,105	**(32,104)**	**(59%)**	**5**
Contributions - monetary	116	1,033	**917**	**791%**	**6**
Contributions - non monetary	2,000	27,645	**25,645**	**1282%**	**7**
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	8	**8**	**100%**	
Fair value adjustments for investment property	-	244	**244**	**100%**	**8**
Other income	3,903	10,958	**7,055**	**181%**	**9**
Total income / revenue	**168,829**	**153,995**	**(14,834)**	**(9%)**	
Expenses					
Employee costs	40,767	41,447	**680**	**2%**	**10**
Materials and services	52,257	52,618	**361**	**1%**	
Depreciation	28,630	29,294	**664**	**2%**	**11**
Amortisation - intangible assets	1,255	950	**(305)**	**(24%)**	**12**
Depreciation - right of use assets	71	89	**18**	**25%**	**13**
Allowance for impairment losses	28	94	**66**	**236%**	**14**
Borrowing costs	308	314	**6**	**2%**	
Landfill Provision Movement	-	(311)	**(311)**	**100%**	**15**
Finance costs - leases	1	16	**15**	**1500%**	
Other expenses	1,953	6,932	**4,979**	**255%**	**16**
Total expenses	**125,270**	**131,443**	**6,173**	**5%**	
Surplus/(deficit) for the year	**43,559**	**22,552**	**(21,007)**	**(48%)**	

Notes to the Financial Report
For the Year Ended 30 June 2024

2.1.1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and Charges - $680k greater than budget	Supplementary rates and charges were greater than budget by $567k as a result of growth during the year. Penalty interest was also $149k greater than budget and the Rating Agreement was under budget by $36k.
2	Statutory fees and fines - $686k greater than budget	Statutory Planning and subdivision fees exceeded budget by $547k as a result of an increase in planning applications and subdivisions. Building fees were greater than budget by $163k also as a result of the increased building activity during the year. Parking fines were less than budget by $55k.
3	User fees - $872k greater than budget	Indoor Recreation Centres and pool membership and user fees were greater than budget by $401k as a result of an increase in usage of the facilities. The Livestock Exchange fees were greater than budget by $306k as a result of the increase in sales during the year. The Eagle Point Caravan Park and the Mallacoota Foreshore Holiday Park also had booking fees greater than budget of $220k as a result on increased patronage. Raymond Island Ferry fees also exceeded budget by $100k due to an increase in use of the ferry and additional ferry passes. The Eagle Point Foreshore Hub commenced operations during the year and there was unbudgeted fee of $128k received. Offsetting these increases was a reduction in waste fees over the budget of $132k as a result of less waste than expected going to landfill. Forge Theatre fees were also underbudget by $147k as a result of less people attending shows during the year than expected.
4	Grants - operating - $18.837m less than budget	There was a reduction in grant income for the Victoria Grants Commission of $18.722m as a result of the advance payment of $19.599m received in June 2023. Following the final allocation being determined $878k was received during the 2023/24 year. There were a number of new grants received during the year with the most significant ones as follows: - Buchan Streetscape works $256k - Disaster Ready Fund - $600k - Flood Support - $500k - Community Resilience and Development Program - $131k There were also a number of grants less than budget as a result of the timing of the works associated with the grants. The most significant of these is as follows: - Buchan Recreation Reserve upgrade - $616k - Swifts Creek Recreation Reserve upgrade - $968k

East Gippsland Shire Council

2023/2024 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2024

2.1.1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
5	Grants - capital - $32.104m less than budget	Capital Grants were $32.104m less than the adopted budget. The timing of works for a number of large capital projects will see those projects completed in the 2024/25 year. As a result grant income associated with those projects will not be received until the 2024/25 year. Some of the most significant projects and capital grants projects are as follows: - Omeo Mountain Bike Trails - Stage 2 - $2.045m - Jones Bay Southern Catchment WSUD (Crooke St Wetlands) $430k - Mallacoota Mudbrick Pavilion (Black Summer) - $255k - Bemm River Footpath Connections - $311k - Mallacoota Hall Upgrades - $730k - Raymond Island Koala Experience - $293k - Community Resilience and Development Program - $198k - Omeo Council Precinct Redevelopment - $100k - Krautungalung Walk Stage 1 - $1.023m - Mallacoota Streetscape - $1.139m - Lakes Entrance Foreshore Park - $1.562m - Livingstone Park Community Facilities - $874k - Slip Road Maritime Precinct -Paynesville - $4.56m - Bairnsdale Runway 04/22 Extension & Lighting - $4.893 - Orbost Forest Park Upgrade - $655k - WORLD Sporting Precinct Stage 1 - $321k - Parking Design - Marine Parade, Lakes Entrance - $1.695m There were also a number of projects where grant funding applications were unsuccessful and as a result were cancelled. The most significant are as follows: - Lakes Entrance Marine Parade Upgrade - $2.5m - Upgrade Bairnsdale Landfill Compliance Works - $450k - Tambo Upper Road, outside Primary School - $500k - Krautungalung Walk Stage 2 - $3.6m - Plant for composting facility - $195k There were also a number of projects that were completed for less than budget and this also reduced the grant funds.
6	Contributions - monetary - $917k greater than budget	Additional capital contributions of $209k were received towards a number of capital projects. Subdivision developer contributions exceeded budget by $705k as a result of an increase in subdivision activity.
7	Contributions - non monetary - $25.645m greater than budget	Contributed assets of $27.645m were received during the year against a budget of $2m. Developer contributed assets vary from year to year depending on subdivision activity and for the 2023/24 year the number of assets handed over to Council was greater than normal as a result of the timing for completion of a number of subdivisions.

Notes to the Financial Report
For the Year Ended 30 June 2024

2.1.1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
8	Fair value adjustment for investment property - $244k greater than budget	There was an increase in the fair value of investment properties as at the end of the year. No budget had been provided for this increase.
9	Other income - $7.055m greater than budget	The timing for reimbursements for replacement and rehabilitation works for a number of natural disaster events accounts for $1.576m of the additional income. Additional income from the investment of surplus cash of $4.294m resulted from the increase in the interest rates during the year together with additional surplus cash available during the year for investment. The additional cash was a result of the advance payment of the 2023/24 Victoria Grants Commission grant as well as from other grants that were received in advance of the project works being undertaken. There was also cash at the end of the 2022/23 year that related to a number of incomplete capital projects at the end of last financial year. Workcover reimbursements were $392k greater than budget. There was also a capital reimbursement of $104k towards a capital project that had not been budgeted for. There were also unbudgeted reimbursements for IT costs being shared with Wellington Shire Council of $359k. The Fuel tax offset was also greater than budget by $71k.
10	Employee costs - $680k greater than budget	Permanent salaries were less than budget by $643k mainly as a result of a number of vacancies during the year. Offsetting this were additional salaries for grant funded 2019 Bushfire support and other programs where the funding was received in previous years but the program of works carried over into the 23/24 year. There were also unbudgeted salaries for natural disaster events that will be reimbursed in the next financial year. The movement in long service leave and annual leave provisions was over budget by $854k and this also impacted on total salaries costs for the year. Workcover premium costs were $843k less than the adopted budget as the MAV Scheme cost was less than expected. Casual wages was over budget by $1.950m as a result of additional casual staff being used whilst recruitment for vacant positions was undertaken as well as covering periods of unplanned leave in a number of areas. The most significant additional use of casual staff was in the Indoor Recreation Centres and the permanent salary budget was underspent as a result of backfilling vacant positions with casuals.
11	Depreciation - $664k greater than budget	Depreciation expenses was $664k greater than budget mainly as a result of the reduction in remaining useful life for some infrastructure assets following the condition rating changes implemented in the revaluation in the 2023/24 year. There were also contributed assets greater than budget of $15m which are mainly reserves, footpaths and roads from completed subdivisions and this has added to the depreciation cost. There were also additional new assets purchased during the year for IT equipment and vehicles that were not known at the time of developing the 23/24 budget. The depreciation for the waste landfill was less than budget as a result of the new cell having a longer life than what was included in the budget calculation.
12	Amortisation - intangible assets - $305k less than budget	The new Airspace asset was not operational for the full year and the expected life of the new cell is greater than previous cells and so the air space asset is being amortised over a longer period as well giving a savings in amortisation cost.
13	Amortisation - right of use assets - $18k greater than budget	Minor variance based on actual for the year.
14	Bad and doubtful debts - allowance for impairment losses - $66k greater than budget	The assessment at year end of the required provision for doubtful debts was greater than budget by $66k.

Notes to the Financial Report
For the Year Ended 30 June 2024

2.1.1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
15	Landfill rehabilitation provision movement - $311k less than budget	There was an adjustment to the present value calculation of a decrease of $311k that required a decrease to the Landfill Provision for future rehabilitation works.
16	Other expenses - $4.979m greater than budget	Legal fees were less than budget by $96k mainly as a result of less legal fees being used for planning matters. There were also $5.1m of buildings, roads, bridges and other infrastructure assets that were written off primarily as a result of assets being replaced.

Notes to the Financial Report
For the Year Ended 30 June 2024

2.1.2 Capital works

	Budget 2024 $'000	Actual 2024 $'000	Variance $'000	Variance %	Ref
Property					
Land	1,431	174	(1,257)	**(88%)**	**1**
Total land	**1,431**	**174**	**(1,257)**	**(88%)**	
Buildings	12,526	16,888	4,362	**35%**	**2**
Heritage buildings	1,056	10	(1,046)	**(99%)**	**3**
Total buildings	**13,582**	**16,898**	**3,316**	**24%**	
Total property	**15,013**	**17,072**	**2,059**	**14%**	
Plant and equipment					
Plant, machinery and equipment	6,440	5,182	(1,258)	**(20%)**	**4**
Fixtures, fittings and furniture	30	280	250	**833%**	**5**
Computers and telecommunications	6,686	905	(5,781)	**(86%)**	**6**
Library books	209	207	(2)	**(1%)**	
Total plant and equipment	**13,365**	**6,574**	**(6,791)**	**(51%)**	
Infrastructure					
Roads	18,385	11,289	(7,096)	**(39%)**	**7**
Bridges	3,438	3,716	278	**8%**	
Footpaths and cycleways	2,741	3,160	419	**15%**	**8**
Drainage	3,829	1,191	(2,638)	**(69%)**	**9**
Recreational, leisure and community facilities	14,036	4,106	(9,930)	**(71%)**	**10**
Waste management	4,016	205	(3,811)	**(95%)**	**11**
Parks, open space and streetscapes	34,282	3,982	(30,300)	**(88%)**	**12**
Aerodromes	7,499	9	(7,490)	**(100%)**	**13**
Off street car parks	1,860	1,371	(489)	**(26%)**	**14**
Other infrastructure	799	3,966	3,167	**396%**	**15**
Total infrastructure	**90,885**	**32,995**	**(57,890)**	**(64%)**	
Total capital works expenditure	**119,263**	**56,641**	**(62,622)**	**(53%)**	
Represented by:					
New asset expenditure	35,314	19,584	(15,730)	**(45%)**	**16**
Asset renewal expenditure	70,495	32,423	(38,072)	**(54%)**	**17**
Asset upgrade expenditure	13,454	4,634	(8,820)	**(66%)**	**18**
Total capital works expenditure	**119,263**	**56,641**	**(62,622)**	**(53%)**	

Notes to the Financial Report
For the Year Ended 30 June 2024

2.1.2 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land - $1.257m less than budget	Land Acquisitions was under budget by $1.19m as a result of the timing for these projects and will be completed in the 2024/25 year.
2	Buildings - $4.362m greater than budget	There were a number of projects that will not be completed until the 2024/25 year. The most significant of these are the AJ Freeman Female Friendly Changerooms $513k, Mallacoota Mudbrick Pavilion $294k, Mallacoota Foreshore Park Fire Safety works $429k, Council owned Caravan parks fire safety works $296k, Mallacoota Hall and Recreation Reserve upgrade $714k, Bairnsdale City Oval Changerooms upgrade $206k, Lakes Entrance Changing Place Facilities $193K, Gilsenan Reserve Toilet Replacement $196k, These were offset by the Eagle Point Foreshore Hub that was over budget by $334k. The WORLD Sporting Precinct Project was classified as Recreation in the budget but the actual has been classified as Buildings at year end with actual expenditure of $4.761m. Bullock Island Masterplan Implementation was classified as Parks in the budget but the actual has been classified as Buildings at year end with actual expenditure being $2.698m.
3	Heritage buildings - $1.046m less than budget	The Hinnomunjie Bridge Restoration - Stage 1 project has been delayed and will be completed in the 2024/25 year and as a result was underbudget by $970k. The Omeo Justice Precinct project has also been delayed and will be completed in 2024/25 with an underspend of $76k.
4	Plant, machinery and equipment - $1.258m less than budget	The Plant replacement program will be completed in the 2024/25 as a result in delays in the purchase of some large items of plant and this resulted in the underspend being $1.486m. The Vehicle replacement program was over budget $520k as a result of additional purchases during the year. The Plant for the Composting Facility project has been cancelled and therefore there is an underspend of $250k for this project. The Portable Change Rooms project was classified as Plant in the budget but at year end the actual has been classified as Buildings which accounts for $300k of the variance. The Replacement of the Air Handling Unit - Lakes Aquatic Centre was budgeted in Buildings but the actual at year end was classified as Plant with expenditure for this project being $1.038m. The Emergency Power project was classified as Plant in the budget but at year end the actual was classified as Buildings which accounts for a further $480k underspend against budget.. The Replacement of the Ferry Landings at Raymond Island was classified as Plant in the budget but actual at year end was classified as Other Infrastructure which accounts for a further $365k of the variance.
5	Fixtures, fittings and furniture - $250k greater than budget	There were two projects that were classified as Computers but the actual expenditure at year end has been classified as Furniture and Fixtures and this accounts for $177k of the variance. Litter Bins was classified as Waste in the budget but the actual expenditure has been classified as a fixture accounting for a further $24K variance. The Office furniture Replacement program was overspent by $28.7k as a result of additional office furniture purchases.

Notes to the Financial Report
For the Year Ended 30 June 2024

2.1.2 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
6	Computers and telecommunications - $5.781m less than budget	There are a number of IT projects that will be delivered over the coming years and have been carried forward into the 2024/25 year. This is a result of the timing for these upgrades to corporate systems and accounts for the budget variance.
7	Roads - $7.096m less than budget	Some major roads projects will not be completed until the 2024/25 year. The most significant of these projects that are under budget for the year include Tambo Upper Road $529k underbudget, Power Station Road $286k underbudget, Myer Street (Church to Coates) & Service Road Lakes Entrance underbudget by $727k. There were also a number of projects that were completed less than budget and the most significant are the Upgrade of Moroney Street Bairnsdale Stage 2 under budget by $292k and Bosworth Road West underbudget by $325k. The Marine Parade Lakes Entrance Stage 2 project was cancelled as it was reliant on grant funding that did not eventuate and resulted in a budget underspend of $2.698m. Marine Parade Lakes Entrance Stage 1 was classified as Roads in the budget but the actual at year end was classified as Carpark resulted in an underspend against this budget of $2.225m.
8	Footpaths and cycleways - $419k greater than budget	There were a number of projects that were incomplete at year end and will be completed in the 2024/25 year. The most significant projects were Eagle Point School Connections underbudget by $529k and Bemm River Footpath Connections $392k underbudget. Offsetting the under budget projects were a number of projects that exceeded budget being McKean Street Pedestrian Crossing $314k and Lindenow Footpath Connections $263k. The krauatungalung Walk projects were classified as Parks in the budget but at year end were classified as Footpaths and this expenditure accounted for $888k of the overspend against budget.
9	Drainage - $2.638m less than budget	There were a number of projects that were incomplete at year end and will be completed in the 2024/25 year. The most significant projects were Jones Bay Southern Catchment WSUD (Crooke St Wetlands) underbudget by $1.378m, Marlo Township drainage underbudget by $488k, Marine Parade Lakes Entrance Drainage Renewal underbudget by $283k, 35 Marlo Road Drainage works underbudget by $90k and Integrated Water Management Bairnsdale underbudget by $355k.
10	Recreational, leisure and community facilities - $9.930m less than budget	The WORLD Sporting Precinct Stage 1 project was classifies as Recreation in the budget but the actual at year end was classified as Buildings at year end. The accounts for $11.013m over the budget variance. There were a number of projects that were classified as Parks in the budget but the actual expenditure at year end has been classified as Recreation. The most significant of these are the Cann River - Mick Baum Park Skatepark $508k and Slip Road Maritime Precinct with expenditure of $1.688m. There was also a project transferred to operating as the facility is not owned by Council - Lindenow Sth Recreation reserve Lighting that had a budget of $364k. The Shaving Point Boat Ramp upgrade was completed less than budget by $167k.

Notes to the Financial Report
For the Year Ended 30 June 2024

2.1.2 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
11	Waste management - $3.811m less than budget	The upgrade of the Bairnsdale Resource Recovery Centre project was cancelled and the budget for this project was $800k There were also several projects that were classified as Waste projects in the budget but the actual expenditure at year end has been classified as Buildings. The projects are the Bairnsdale recycling Centre with a budget of $580k, the Bairnsdale Composing Facility with a budget of $530k and the Cann River Transfer Station with a budget of $1.472m. The relocation of Lakes Entrance Weighbridge to Bairnsdale project was incomplete at year end and will be completed in the 2024/25 year and this accounted for $263k of the underspend. One project totalling $108k was transferred to another waste project during the year.
12	Parks, open space and streetscapes - $30.300m less than budget	There were a number of projects that were classified as Parks in the budget but at year end they have been classified into other categories. The most significant of these are as follows: - Cann River Mick Baum Park Skatepark - Budget $582k to Recreation - Raymond Island Koala Experience - Budget $430k to Footpaths - Bullock Island Masterplan Implementation - Budget $2.071m to Buildings - Various Streetscapes - Budget $3.496m to Roads and Other - Krauatungalung Walk St 1 and St 2 - Budget $5.62m to Footpaths - Slip Road Maritime Precinct - Budget $6.08m to Recreation - Omeo Mountain Bike St 1 - Budget $2.159m to Other - Foreshore Management Implementation Plan - $550k to Recreation - Jemmy's Point St 2 - Budget $1.76m to Other There were also a number of projects incomplete at year end that will be completed in the 2024/25 year. The most significant of these is as follows: - Orbost Forest Park - $892k underbudget - Omeo Mountain Bike Trail - St 2 - $2.508m underbudget - Lakes Entrance Slipway upgrade - $606k underbudget - Livingston Park Omeo - $1.474 underbudget - Lakes Entrance Foreshore Park - $987k underbudget - Omeo Streetscape - $335k underbudget.
13	Aerodromes - $7.490m less than budget	The Bairnsdale Runway project was classified as Aerodromes in the budget but the actual at year end has been classified as Other giving a budget variance of $5.26m. The Bairnsdale Aerodrome rehabilitation of taxiways was classified as Aerodromes in the budget but the year end actuals have been classified as Roads giving a budget variance of $2.239m.
14	Off street car parks - $489k less than budget	The Newmerella Rest Area project was completed $499k underbudget. There was also expenditure for Marine Parade Lakes Entrance upgrade Stage 1 of $139k that was budgeted for in Roads but classified as Carparks at year end. The Seventh Parade Carparking, Raymond Island project was cancelled and it had a budget of $161k.

Notes to the Financial Report
For the Year Ended 30 June 2024

2.1.2 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
15	Other infrastructure - $3.167m greater than budget	The budget for Electric Vehicles of $352k was in Other Infrastructure but the actual expenditure at year end has been classified as Plant. Jemmy's Point - Stage 2 project was budgeted in Parks but the actual expenditure of $1.844m has been classified as Other Infrastructure at year end. The Omeo Mountain Bike Trails - Stage 1 was budgeted in Recreation but the actual expenditure of $1.489m was classified as Other Infrastructure at year end. The Bruthen Streetscape project was classified as Parks in the budget but the actual expenditure of $127k was classified as Other Infrastructure at year end.
16	New asset expenditure - $15.730m less than budget	There were a number of projects that will now be completed in the 2024/25 year where the new asset expenditure was less than the budget. The most significant of these are Land purchases underbudget by $1.256m, Omeo Mountain Bike Trails St 1 and St 2 underbudget by $3.178m, Krauatungalung Walk Stages 1 & 2 underbudget by $4.731m, Lakes Entrance Foreshore Park underbudget by $987k and the WORLD Sporting Precinct Stage 1 underbudget by $6.252m. There were a small number of projects that were greater than the budget but none that were significant.
17	Asset renewal expenditure - 38.072m less than budget	There were a number of projects that will now be completed in the 2024/25 year where the renewal expenditure was less than the budget. The most significant of these are Hinnomunjie Bridge Restoration underbudget by $970k, Plant Replacement underbudget by $1.487m, IT projects underbudget by $4.243m, Marine Parade Lakes Entrance under budget by $3.575m, Jones Bay Drainage project underbudget by $1.016m, Cann River Transfer Station underbudget by $1.015m, Slip Road Maritime Precinct underbudget by $4.411m, Bullock Island and associated works underbudget by $1.209m, Livingston Park Omeo underbudget by $1.474m, Mallacoota Streetscape underbudget by $1.581m, Nowa Nowa Streetscape underbudget by $436k, Bairnsdale Aerodrome projects underbudget by $4.9m, Foreshore Management Implementation Plan underbudget by $500k, Lakes Entrance Slipway upgrade underbudget by $606k, Myer Street Lakes Entrance underbudget by $726k, Council owned Caravan Parks Fire Safety works underbudget by $296k, Building renewal program underbudget by $290k, Council operated facilities underbudget by $500k, Eagle Point Caravan Park Amenities Block underbudget by $359k, Mallacoota Foreshore Holiday Park Fire Safety works underbudget by $429k, Mallacoota Hall and Recreation Reserve underbudget by $714k and Bairnsdale City Oval Changerooms underbudget by $206k.
18	Asset upgrade expenditure - $8.820m less than budget	There are a number of projects where the upgrade expenditure is less than budget. The most significant projects are Digital Services underbudget by $1.486m, Marine Parade Lakes Entrance underbudget by $1.2m, Jones Bay drainage project underbudget by $392k, Marlo Township Drainage Upgrade underbudget by $289k, Orbost Forest Park underbudget by $892k, Bairnsdale Aerodrome Runway Extension underbudget by $2.587m, AJ Freeman Reserve underbudget by $513k, Bemm River Footpath Connections underbudget by $250k, Upgrade of Maroney Street - Stage 2 underbudget by $292k, Power Station Road underbudget by $285k and Mallacoota Mudbrick Pavilion underbudget by $294k.

Notes to the Financial Report
For the Year Ended 30 June 2024

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.

Notes to the Financial Report
For the Year Ended 30 June 2024

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

2024	Income / Revenue $'000	Expenses $'000	Surplus/ (Deficit) $'000	Grants included in income / revenue $'000	Total assets $'000
Office of the CEO	668	668	-	-	-
Business Excellence	47,110	24,558	22,552	1,152	360,194
Place and Community	14,410	14,410	-	1,683	1,229
Assets and Environment	91,807	91,807	-	24,350	1,149,210
	153,995	**131,443**	**22,552**	**27,185**	**1,510,633**

2023	Income / Revenue $'000	Expenses $'000	Surplus/ (Deficit) $'000	Grants included in income / revenue $'000	Total assets $'000
Office of the CEO	671	671	-	-	-
Business Excellence	56,572	20,907	35,665	17,533	11,966
Place and Community	13,915	11,768	2,147	12,258	627
Assets and Environment	84,860	84,860	-	31,328	1,593,090
	156,018	**118,206**	**37,812**	**61,119**	**1,605,683**

Notes to the Financial Report
For the Year Ended 30 June 2024

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 2023/24 was $14,803 million (2022/23 $12,355 million). Commercial/Industrial rates for 2023/24 was $1,544 million (2022/23 $1,303 million) and Farm rates was for 2023/24 $2,848 million (2022/23 $2,526 million). The 2023/24 rate in the CIV dollar for General rates was 0.00256872 (2022/23 0.00290802), Commercial/Industrial rates was 0.00359621 (2022/23 0.00407123) and Farm rates was 0.00205498 (2022/23 0.00232641).

	2024 $'000	2023 $'000
General rates	49,429	47,112
Municipal charge	7,830	7,502
Waste management charge	11,197	9,882
Supplementary rates and rate adjustments	903	656
Interest on rates and charges	429	300
Revenue in lieu of rates	97	140
Total rates and charges	**69,885**	**65,592**

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

Annual rates and charges are recognised as income 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

	2024 $'000	2023 $'000
Infringements and costs	219	269
Application Registration Fees	370	328
Animal Registrations	431	490
Town planning fees	1,247	1,059
Land information certificates	112	95
Permits	60	70
Other	485	270
Total statutory fees and fines	**2,924**	**2,581**

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

3.3 User fees

	2024 $'000	2023 $'000
Aged and health services	25	11
Leisure centre and recreation	3,030	2,760
Raymond Island Ferry	325	293
Arts and Culture	201	236
Caravan Parks	3,109	3,078
Saleyards	1,114	879
Marinas	1,223	1,204
Child care/children's programs	53	186
Tourism	63	65
Building services	39	110
Waste management services	4,642	4,098
Other fees and charges	289	154
Total user fees	**14,113**	**13,074**
User fees by timing of revenue recognition		
User fees recognised over time	2,751	2,585
User fees recognised at a point in time	11,362	10,489
Total user fees	**14,113**	**13,074**

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

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024	2023
	$'000	$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	18,105	34,926
State funded grants	8,917	25,743
Other funded grants	163	450
Total grants received	**27,185**	**61,119**
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	878	24,187
Recurrent - State Government		
Arts and Culture	60	60
Asset Maintenance	248	86
Community Development	45	(41)
Community Laws	122	118
Emergency Management	122	167
Environmental Management	94	97
Libraries	379	379
Parks and Gardens	2	1
Public Health	43	52
Total Recurrent - State Government	**1,115**	**919**
Total recurrent operating grants	**1,993**	**25,106**
Non-recurrent - Commonwealth Government		
Community Development	285	105
Econmic Development	395	196
Environmental Management	(64)	151
Emergency Management	600	-
Buildings	-	176
Roads	-	346
Recreational, Leisure and Community Facilities	456	39
Total Non-recurrent - Commonwealth Government	**1,672**	**1,013**
Non-recurrent - State Government		
Community Development	110	183
Community Laws	-	79
Arts and Culture	-	6
Economic Development	105	350
Bushfire Recovery	-	13,518
Emergency Management	575	576
Libraries	-	27
Public Health	-	20
Waste Management	43	-
Roads	(127)	23
Strategic planning	20	(76)
Human resource	10	68
Recreational, Leisure and Community Facilities	648	1,009
Total Non-recurrent - State Government	**1,384**	**15,783**
Non-recurrent - Other		
Environmental Management	26	103
Community Development	2	-
Economic Development	-	81
Events	-	20
Strategic planning	-	200
Libraries	3	11
Total Non-recurrent - Other	**31**	**415**
Total non-recurrent operating grants	**3,087**	**17,211**
Total operating grants	**5,080**	**42,317**

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024	2023
	$'000	$'000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	2,622	2,843
Recurrent - State Government		
Recreational, Leisure and Community Facilities	9	9
Total recurrent capital grants	**2,631**	**2,852**
Non-recurrent - Commonwealth Government		
Buildings	912	784
Bridges	1,506	2,256
Aerodrome	-	(77)
Footpath and Cycleways	1,467	232
Parks, Open Space and Streetscapes	-	(89)
Recreational, Leisure and Community Facilities	3,410	2,352
Roads	3,942	1,131
Emergency Management	-	270
Other Infrastructure	1,696	-
Environmental sustainability	-	24
Total Non-recurrent - Commonwealth Government	**12,933**	**6,883**
Non-recurrent - State Government		
Buildings	84	64
Arts and Culture	-	90
Parks, Open Space and Streetscapes	-	48
Plant and Equipment	45	-
Recreational, Leisure and Community Facilities	3,979	6,642
Waste Management	239	313
Environmental sustainability	45	182
Emergency Management	(113)	46
Roads	2,130	1,647
Total Non-recurrent - State Government	**6,409**	**9,032**
Non- recurrent - Other		
Recreational, Leisure and Community Facilities	-	21
Library	-	14
Plant and Equipment	27	
Environmental sustainability	105	
Total Non- recurrent - Other	**132**	**35**
Total non-recurrent capital grants	**19,474**	**15,950**
Total capital grants	**22,105**	**18,802**

Notes to the Financial Report
For the Year Ended 30 June 2024

(c) Recognition of grant income

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

	2024	2023
	$'000	$'000
Income recognised under AASB 1058 *Income of Not-for-Profit Entities*		
General purpose	1,654	25,101
Specific purpose grants to acquire non-financial assets	22,926	33,151
Other specific purpose grants	1,200	1,266
Revenue recognised under AASB 15 *Revenue from Contracts with Customers*		
Specific purpose grants	1,405	1,601
	27,185	**61,119**

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

	2024	2023
Operating		
Balance at start of year	3,019	10,489
Received during the financial year and remained unspent at balance date	74	1,250
Received in prior years and spent during the financial year	(1,700)	(8,720)
Balance at year end	**1,393**	**3,019**
Capital		
Balance at start of year	15,775	22,482
Received during the financial year and remained unspent at balance date	4,007	9,113
Received in prior years and spent during the financial year	(5,768)	(15,820)
Balance at year end	**14,014**	**15,775**

Unspent grants are determined and disclosed on a cash basis.

3.5 Contributions

	2024	2023
Monetary	1,033	853
Non-monetary	27,645	2,346
Total contributions	**28,678**	**3,199**

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

	2024	2023
Land	6,002	1,262
Investment Property - Buildings	283	-
Roads	10,487	776
Drainage	7,090	259
Other infrastructure	128	-
Footpath	3,655	49
Total non-monetary contributions	**27,645**	**2,346**

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

Notes to the Financial Report
For the Year Ended 30 June 2024

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

	2024 $'000	2023 $'000
Proceeds of sale	1,341	873
Written down value of assets disposed	(1,333)	(436)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	**8**	**437**

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

	2024 $'000	2023 $'000
Interest	6,334	3,549
Investment property rental	1,014	1,103
Reimbursements - Other	1,826	2,297
Reimbursements - Natural Disasters	1,577	2,949
Other	207	118
Total other income	**10,958**	**10,016**

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.

Notes to the Financial Report
For the Year Ended 30 June 2024

Note 4 THE COST OF DELIVERING SERVICES

4.1 (a) Employee costs

	2024 $'000	2023 $'000
Wages and salaries	35,988	32,209
WorkCover	1,364	969
Superannuation	3,977	3,472
Fringe benefits tax	118	132
Total employee costs	**41,447**	**36,782**

(b) Superannuation

Council made contributions to the following funds:

	2024 $'000	2023 $'000
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	37	20
	37	**20**
Employer contributions payable at reporting date.	-	2
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,448	1,436
Employer contributions - Australian Super	418	325
Employer contributions - Hostplus	296	232
Employer contributions - Vic Super	180	184
Employer contributions - other funds	1,598	1,275
	3,940	**3,452**
Employer contributions payable at reporting date.	63	70

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

4.2 Materials and services

	2024 $'000	2023 $'000
Contractors		
- Road maintenance	9,730	12,050
- Vegetation management	946	1,767
- Ferry maintenance	10	26
- Aerodrome Operations and maintenance	98	85
- Building maintenance	135	262
- Electrical Services	445	367
- Buchan recreation reserve	170	-
- Environmental Management	32	100
- Waste collection	5,048	4,567
- Waste Management	1,004	1,355
- Animal pound services	254	265
- Courier services	9	87
- Cleaning	1,096	1,101
- Swifts Creek Recreation Reserve	125	481
- Street Lighting	-	95
- Club Terrace Community	37	-
- Sarsfield recreation reserve	67	-
- Parks and gardens	1,029	-
- Consulting	571	177
- Other	176	25
Total Contractors	**20,982**	**22,810**

Notes to the Financial Report
For the Year Ended 30 June 2024

4.2 Materials and services (Cont'd)

	2024 $'000	2023 $'000
Other materials and services		
Building maintenance	396	466
General maintenance	15,973	12,488
Utilities	2,189	2,067
Office administration	1,517	1,892
Information technology	3,070	2,585
Insurance	1,482	1,366
Consultants	3,490	2,040
Contributions	3,519	2,241
Total Other materials and services	**31,636**	**25,145**
Total materials and services	**52,618**	**47,955**

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

4.3 Depreciation

Property	4,227	3,835
Plant and equipment	3,656	3,185
Infrastructure	21,411	17,486
Total depreciation	**29,294**	**24,506**

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

4.4 Amortisation - Intangible assets

Software	155	99
Landfill Airspace	795	454
Total Amortisation - Intangible assets	**950**	**553**

4.5 Depreciation - Right of use assets

Property	74	74
Plant and Equipment	15	15
Total Depreciation - Right of use assets	**89**	**89**

4.6 Allowance for impairment losses

Parking fine debtors	10	17
Animal fine debtors	29	52
Rates debtors	30	14
Other debtors	25	29
Total allowance for impairment losses	**94**	**112**
Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	1,187	1,077
New allowances recognised during the year	94	110
Amounts already allowed for and written off as uncollectible	(32)	-
Balance at end of year	**1,249**	**1,187**

An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024	2023
	$'000	$'000
4.7 Borrowing costs		
Interest - Borrowings	314	150
Total borrowing costs	**314**	**150**

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

	2024	2023
Interest - Lease Liabilities	16	17
Total finance costs	**16**	**17**

4.9 Other expenses

	2024	2023
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	64	61
Auditors' remuneration - Internal Audit	44	39
Councillors' allowances	406	412
Operating lease rentals	87	178
Memberships/Subscriptions	420	360
Bank fees and charges	285	227
Legal fees	512	364
Assets written-off -Buildings	113	796
Assets written-off -Bridges	1,415	370
Assets written-off -Roads	265	1,719
Assets written-off -Open Space	322	503
Assets written-off / impaired	1,447	701
Assets written-off -Drainage	180	-
Assets written-off -Other infrastructure	977	-
Assets written-off - Inv property	117	-
Assets written-off others	52	-
Assets written-off - Car Park	212	-
Others	14	14
Total other expenses	**6,932**	**5,744**

Notes to the Financial Report
For the Year Ended 30 June 2024

Note 5 INVESTING IN AND FINANCING OUR OPERATIONS

	2024	2023
5.1 Financial assets	**$'000**	**$'000**
(a) Cash and cash equivalents		
Cash on hand	12	11
Cash at bank	28,893	48,033
Term deposits	88,287	47,001
Total cash and cash equivalents	**117,192**	**95,045**
(b) Other financial assets		
Current		
Term deposits	-	45,262
Total current other financial assets	**-**	**45,262**
Non-current		
Shares in Community Banks	10	10
Total other financial assets	**10**	**45,272**
Total cash and cash equivalents and other financial assets	**117,202**	**140,317**

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

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

(c) Trade and other receivables

	2024	2023
Current		
Statutory receivables		
Rates debtors	6,370	4,312
Special rate assessment	659	630
Infringement debtors	1,037	960
Provision for doubtful debts - infringements, rates and schemes	(1,165)	(1,118)
Net GST receivable	1,552	1,322
Non statutory receivables		
Other debtors	1,820	2,731
Provision for doubtful debts - other debtors	(84)	(69)
Total current trade and other receivables	**10,189**	**8,768**
Non-current		
Statutory receivables		
Special rate scheme	154	243
Total non-current trade and other receivables	**154**	**243**
Total trade and other receivables	**10,343**	**9,011**

Short term receivables are carried at invoice amount. An allowance for expected credit losses is recognised based on past experience and other objective evidence of expected losses. Long term receivables are carried at amortised cost using the effective interest rate method.

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024	2023
	$'000	$'000

(d) Ageing of Receivables

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

	2024 $'000	2023 $'000
Current (not yet due)	1,164	1,952
Past due by up to 30 days	290	108
Past due between 31 and 180 days	183	500
Past due between 181 and 365 days	87	58
Past due by more than 1 year	12	44
Total trade and other receivables	**1,736**	**2,662**

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of $84,000 (2023: $69,000) were impaired. The amount of the provision raised against these debtors was $ 84,000 (2023: $69,000). 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:

	2024 $'000	2023 $'000
Past due by more than 1 year	84	69
Total trade and other receivables	**84**	**69**

Notes to the Financial Report
For the Year Ended 30 June 2024

5.2 Non-financial assets

	2024	2023
	$'000	$'000
(a) Other assets		
Accrued income	891	598
Grant income receivable	3,652	3,903
Prepayments	1,356	1,043
Other	4	27
Total other assets	**5,903**	**5,571**

	2024	2023
(b) Intangible assets		
Software	840	446
Landfill air space	2,823	-
Total intangible assets	**3,663**	**446**

	Software	Landfill	Total
	$'000	$'000	$'000
Gross carrying amount			
Balance at 1 July 2023	2,142	4,854	6,996
Additions from internal developments	549	3,618	4,167
Balance at 30 June 2024	**2,691**	**8,472**	**11,163**
Accumulated amortisation and impairment			
Balance at 1 July 2023	1,696	4,854	6,550
Amortisation expense	155	795	950
Balance at 30 June 2024	**1,851**	**5,649**	**7,500**
Net book value at 30 June 2023	446	-	446
Net book value at 30 June 2024	**840**	**2,823**	**3,663**

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.

Notes to the Financial Report
For the Year Ended 30 June 2024

5.3 Payables, trust funds and deposits and contract and other liabilities	2024 $'000	2023 $'000
(a) Trade and other payables		
Current		
Non-statutory payables		
Trade payables	10,644	11,279
Accrued expenses	2,229	1,679
Total current trade and other payables	**12,873**	**12,958**
(b) Trust funds and deposits		
Current		
Refundable deposits	3,157	3,123
Fire services levy	211	215
Retention amounts	769	417
Total current trust funds and deposits	**4,137**	**3,755**
(c) Contract and other liabilities		
Contract liabilities		
Current		
Grants received in advance - operating	1,393	3,019
Caravan Park and other	268	250
Prepaid Marina Income	140	153
Total current contract liabilities	**1,801**	**3,422**
Other liabilities		
Current		
Deferred capital grants	14,014	15,775
Total other liabilities	**14,014**	**15,775**
Contract liabilities		
Non Current		
Prepaid Marina Income	340	419
Total non current contract liabilities	**340**	**419**
Total contract and other liabilities	**16,155**	**19,616**

Trust funds and deposits
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.

Contract liabilities
Contract liabilities reflect consideration received in advance from Marina and Caravan Park customers in respect of leases and licences paid in advance as well as grant funding for various operational projects that Council has yet to gain the right to the funds in accordance with funding agreements. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

Other liabilities
Grant consideration was received from government funding bodies to support the construction of a number of capital projects. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion of the related capital projects. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Purpose and nature of items

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

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

Notes to the Financial Report
For the Year Ended 30 June 2024

5.4 Interest-bearing liabilities

	2024	2023
	$'000	$'000
Current		
Treasury Corporation of Victoria borrowings - secured	663	1,262
Total current interest-bearing liabilities	**663**	**1,262**
Non-current		
Treasury Corporation of Victoria borrowings - secured	7,546	-
Other borrowings - secured	1,650	1,650
Total non-current interest-bearing liabilities	**9,196**	**1,650**
Total	**9,859**	**2,912**

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

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

	2024	2023
Not later than one year	663	1,262
Later than one year and not later than five years	4,139	1,150
Later than five years	5,057	500
	9,859	**2,912**

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 based on contractual repayment terms at every balance date.

5.5 Provisions

	Employee	Landfill restoration	Other	Total
2024	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Balance at beginning of the financial year	6,955	10,444	205	17,604
Additional provisions	1,903	137	9	2,049
Addition - New Landfill Cell	-	3,618	-	-
Amounts used	(997)	(516)	(28)	(1,541)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(8)	(449)	-	(457)
Balance at the end of the financial year	**7,853**	**13,234**	**186**	**17,655**
Provisions - current	7,099	6,480	-	13,579
Provisions - non-current	754	6,754	186	7,694
Total provisions	**7,853**	**13,234**	**186**	**21,273**
2023				
Balance at beginning of the financial year	6,650	9,959	187	16,796
Additional provisions	1,044	599	18	1,661
Amounts used	(618)	(1,136)	-	(1,754)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(121)	1,022	-	901
Balance at the end of the financial year	**6,955**	**10,444**	**205**	**17,604**
Summary of provisions				
Provisions - current	6,269	6,785	-	13,054
Provisions - non-current	686	3,659	205	4,550
Total provisions	**6,955**	**10,444**	**205**	**17,604**

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024	2023
(a) Employee provisions	**$'000**	**$'000**
Current provisions expected to be wholly settled within 12 months		
Annual leave	2,678	2,505
Other Leave	174	167
Long service leave	385	316
	3,237	**2,988**
Current provisions expected to be wholly settled after 12 months		
Annual leave	394	432
Long service leave	3,469	2,849
	3,863	3,281
Total current employee provisions	**7,100**	**6,269**
Non-current		
Long service leave	753	686
Total non-current employee provisions	**753**	**686**
Aggregate carrying amount of employee provisions:		
Current	7,100	6,269
Non-current	753	686
Total aggregate carrying amount of employee provisions	**7,853**	**6,955**

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

Annual leave

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

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

Long service leave

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

Key assumptions:		
- discount rate	4.348%	4.06%
- index rate	2.00%	2.00%

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024	2023
(b) Landfill restoration	**$'000**	**$'000**
Current	6,480	6,785
Non-current	6,754	3,659
	13,234	**10,444**

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.

Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

	2024	2023
Key assumptions:		
- discount rate	4.348%	4.06%
- index rate	4.00%	4.00%

(c) Native Vegetation Offset provision

	2024	2023
Non-current	186	205
	186	**205**

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2024

	2024	2023
Bank overdraft	1,500	1,500
Credit card facilities	300	300
Treasury Corporation of Victoria facilities	8,209	7,043
Other facilities	1,650	2,912
Total facilities	**11,659**	**11,755**
Used facilities	9,917	2,965
Unused facilities	**1,742**	**8,790**

Notes to the Financial Report
For the Year Ended 30 June 2024

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

2024	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	1,229	1,041	1,407	-	3,677
Ferry Operations/Maintenance	11	11	27	-	49
Road Infrastructure Maintenance	682	57	-	-	739
Waste Management	3,364	355	23	-	3,742
Other Service Contracts	197	-	-	-	197
Total	**5,483**	**1,464**	**1,457**	**-**	**8,404**
Capital					
Buildings	125	-	-	-	125
Roads	3,859	-	-	-	3,859
Recreation	6,166	-	-	-	6,166
Waste	1,920	-	-	-	1,920
Other	15,317	-	-	-	15,317
Total	**27,387**	**-**	**-**	**-**	**27,387**

2023	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	1,081	1,078	2,099	49	4,307
Ferry Operations/Maintenance	5	-	-	-	5
Road Infrastructure Maintenance	591	591	52	-	1,234
Waste Management	4,216	2,754	68	-	7,038
Other Service Contracts	347	172	-	-	519
Total	**6,240**	**4,595**	**2,219**	**49**	**13,103**
Capital					
Buildings	19	-	-	-	19
Roads	2,905	-	-	-	2,905
Recreation	15,368	-	-	-	15,368
Waste	635	-	-	-	635
Other	10,034	-	-	-	10,034
Total	**28,961**	**-**	**-**	**-**	**28,961**

Notes to the Financial Report
For the Year Ended 30 June 2024

(b) Operating lease receivables

Operating lease receivables

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

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

	2024	2023
	$'000	$'000
Not later than one year	1,083	935
Later than one year and not later than five years	2,802	2,198
Later than five years	2,416	2,186
	6,301	**5,319**

5.8 Leases

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

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

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

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

· any lease payments made at or before the commencement date less any lease incentives received; plus

· any initial direct costs incurred; and

· an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

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

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

Lease payments included in the measurement of the lease liability comprise the following:

· Fixed payments

· Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

· Amounts expected to be payable under a residual value guarantee; and

· The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

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

Under *AASB 16 Leases*, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Council has 22 peppercorn/low value leases on land and buildings. Use of these properties is restricted to community service and welfare activities.

Notes to the Financial Report
For the Year Ended 30 June 2024

Right-of-Use Assets	Property	Equipment	Other, etc.	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2023	632	50	-	682
Depreciation charge	(74)	(15)	-	(89)
Balance at 30 June 2024	**558**	**35**	**-**	**593**

Lease Liabilities	2024	2023
Maturity analysis - contractual undiscounted cash flows	$'000	$'000
Less than one year	76	91
One to five years	181	226
More than five years	553	572
Total undiscounted lease liabilities as at 30 June	**810**	**889**
Lease liabilities included in the Balance Sheet at 30 June		
Current	79	75
Non-current	600	678
Total lease liabilities	**679**	**753**

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.

	2024	2023
	$'000	$'000
Expenses relating to:		
Short-term leases	54	160
Leases of low value assets	32	38
Total	**86**	**198**
Variable lease payments (not included in measurement of lease liabilities)		
Variable lease payments	84	133
Total	**84**	**133**

Variable lease payments are those that depend on an index or a rate, for example payments linked to the consumer price index, a benchmark interest rate or changes in market rental rates.

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	66	25
Later than one year but not later than five years	155	62
Later than five years	142	31
Total lease commitments	**363**	**118**

Notes to the Financial Report
For the Year Ended 30 June 2024

6.1 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2023 $'000	Additions $'000	Contributions $'000	Revaluation $'000	Depreciation $'000	Disposal $'000	Write-off $'000	Transfers $'000	Carrying amount 30 June 2024 $'000
Property	311,434	-	6,002	-	(4,227)	(805)	(113)	1,841	314,132
Plant and equipment	15,918	-	-	-	(3,656)	(528)	(32)	4,605	16,307
Infrastructure	1,065,903	-	21,360	(124,980)	(21,411)	-	(3,391)	21,745	959,226
Work in progress	48,947	56,641	-	-	-	-	(1,447)	(31,664)	72,477
	1,442,202	**56,641**	**27,362**	**(124,980)**	**(29,294)**	**(1,333)**	**(4,983)**	**(3,473)**	**1,362,142**

Summary of Work in Progress	Opening WIP $'000	Additions $'000	Write-off $'000	Transfers $'000	Closing WIP $'000
Property	22,120	17,072	(201)	(4,789)	34,202
Plant and equipment	1,449	6,574	(18)	(5,678)	2,327
Infrastructure	25,378	32,995	(1,228)	(21,197)	35,948
Total	**48,947**	**56,641**	**(1,447)**	**(31,664)**	**72,477**

Notes to the Financial Report
For the Year Ended 30 June 2024

(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 2023	188,485	4,922	**193,407**	20,060	205,323	**225,383**	22,120	**440,910**
Accumulated depreciation at 1 July 2023	-	-	-	(10,806)	(96,550)	**(107,356)**	-	**(107,356)**
	188,485	4,922	**193,407**	9,254	108,773	**118,027**	22,120	**333,554**
Movements in fair value								
Additions	-	-	**-**	-	-	**-**	17,072	**17,072**
Contributions	6,002	-	**6,002**	-	-	**-**	-	**6,002**
Disposal	(653)	(152)	**(805)**	-	-	**-**	-	**(805)**
Write-off	-	-	**-**	-	(170)	**(170)**	(201)	**(371)**
Transfers	(1,403)	-	**(1,403)**	221	2,269	**2,490**	(4,789)	**(3,702)**
	3,946	(152)	**3,794**	221	2,099	**2,320**	12,082	**18,196**
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	**-**	(285)	(3,942)	**(4,227)**	-	**(4,227)**
Accumulated depreciation of writeoff	-	-	**-**	-	57	**57**	-	**57**
Transfers	-	-	**-**	-	754	**754**	-	**754**
	-	-	**-**	(285)	(3,131)	**(3,416)**	-	**(3,416)**
At fair value 30 June 2024	192,431	4,770	**197,201**	20,281	207,422	**227,703**	34,202	**459,106**
Accumulated depreciation at 30 June 2024	-	-	-	(11,091)	(99,681)	**(110,772)**	-	**(110,772)**
Carrying amount	**192,431**	**4,770**	**197,201**	**9,190**	**107,741**	**116,931**	**34,202**	**348,334**

Notes to the Financial Report
For the Year Ended 30 June 2024

(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 2023	24,568	11,727	7,024	5,522	1,449	**50,290**
Accumulated depreciation at 1 July 2023	(15,086)	(8,572)	(4,818)	(4,447)	-	**(32,923)**
	9,482	3,155	2,206	1,075	1,449	**17,367**
Movements in fair value						
Additions	-	-	-	-	6,574	**6,574**
Disposal	(2,213)	-	-	-		**(2,213)**
Write-off	(375)	(261)	(3,887)	-	(18)	**(4,541)**
Transfers	3,463	25	337	208	(5,678)	**(1,645)**
	875	(236)	(3,550)	208	878	**(1,825)**
Movements in accumulated depreciation						
Depreciation and amortisation	(2,127)	(795)	(572)	(162)	-	**(3,656)**
Accumulated depreciation of disposals	1,685	-	-	-	-	**1,685**
Accumulated depreciation of write off	350	255	3,886	-	-	**4,491**
Transfers	432	140	-	-	-	**572**
	340	(400)	3,314	(162)	-	**3,092**
At fair value 30 June 2024	25,443	11,491	3,474	5,730	2,327	**48,465**
Accumulated depreciation at 30 June 2024	(14,746)	(8,972)	(1,504)	(4,609)	-	**(29,831)**
Carrying amount	**10,697**	**2,519**	**1,970**	**1,121**	**2,327**	**18,634**

Notes to the Financial Report
For the Year Ended 30 June 2024

(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 2023	859,465	130,933	42,368	104,528	40,773	11,956	40,754	9,864	14,253	31,675	25,378	**1,311,947**
Accumulated depreciation at 1 July 2023	(132,506)	(12,366)	(7,934)	(25,649)	(16,611)	(6,028)	(6,646)	(679)	(2,520)	(9,727)	-	**(220,666)**
	726,959	118,567	34,434	78,879	24,162	5,928	34,108	9,185	11,733	21,948	25,378	**1,091,281**
Movements in fair value												
Additions	-	-	-	-	-	-	-	-	-	-	32,995	**32,995**
Contributions	11,098	-	3,848	7,457	-	-	-	-	-	172	-	**22,575**
Revaluation	(15,138)	(6,411)	23,687	(2,272)	(2,355)	1,718	5,896	2,905	(540)	5,866	-	**13,356**
Write-off	(562)	(1,789)	-	(281)	(75)	(5,180)	(425)	-	(244)	(2,216)	(1,228)	**(12,000)**
Transfers	7,620	2,710	263	2,236	499	5,481	775	-	185	2,551	(21,197)	**1,123**
	3,018	(5,490)	27,798	7,140	(1,931)	2,019	6,246	2,905	(599)	6,373	10,570	**58,049**
Movements in accumulated depreciation												
Depreciation and amortisation	(13,681)	(1,492)	(1,000)	(1,033)	(873)	(1,059)	(705)	(183)	(274)	(1,111)	-	**(21,411)**
Contributions	(611)		(193)	(367)						(44)	-	**(1,215)**
Revaluation	(70,053)	(12,381)	(13,183)	(16,885)	1,759	(4,212)	(14,721)	(1,596)	(515)	(6,549)	-	**(138,336)**
Accumulated depreciation of write off	296	374	-	100	56	5,180	103	-	33	1,239	-	**7,381**
Transfers	864	11	(4)	(920)	(15)	-	22	-	2	(535)	-	**(575)**
	(83,185)	(13,488)	(14,380)	(19,105)	927	(91)	(15,301)	(1,779)	(754)	(7,000)	-	**(154,156)**
At fair value 30 June 2024	862,483	125,443	70,166	111,668	38,842	13,975	47,000	12,769	13,654	38,048	35,948	**1,369,996**
Accumulated depreciation at 30 June 2024	(215,691)	(25,854)	(22,314)	(44,754)	(15,684)	(6,119)	(21,947)	(2,458)	(3,274)	(16,727)	-	**(374,822)**
Carrying amount	**646,792**	**99,589**	**47,852**	**66,914**	**23,158**	**7,856**	**25,053**	**10,311**	**10,380**	**21,321**	**35,948**	**995,174**

Notes to the Financial Report
For the Year Ended 30 June 2024

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. Refer also to Note 8.4 for further disclosure regarding fair value measurement.

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	4-15 years	1
fixtures, fittings and furniture	5-20 years	1
computers and telecommunications	5 years	1
library books	10 years	1
Infrastructure		
road pavements and seals	18-80 years	5
road wearing course	15 years	5
road formation and earthworks	-	5
road kerb, channel and minor culverts	70 - 80 years	5
bridges	40-100 years	5
footpaths and cycleways	18-65 years	5
drainage	100 years	5
recreational, leisure and community facilities	28-60 years	5
aerodromes	15-80 years	5
waste management landfill cells	4 years	5
waste management infrastructure	50 years	5
parks, open space and streetscapes	40-75 years	5
car parks	15-80 years	5
Intangible assets	3-10 years	1

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives 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 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 remaining useful life as determined each year.

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

Notes to the Financial Report
For the Year Ended 30 June 2024

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 API Member: 63110, Senior Director, Commercial Compliance and Quality of JLL Public Sector Valuations Pty Ltd and Mark Pastor, Certified Practising Valuer CPV API Member: 63501, Senior Valuer JLL Public Sector Valuations Pty Ltd as at 30 June 2023. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

The date and type 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 2024 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Specialised land	-	-	192,431	30/06/2023	Independent
Non - Specialised land	-	4,770	-	30/06/2023	Independent
Heritage Buildings	-	-	9,190	30/06/2023	Independent
Buildings	-	-	107,741	30/06/2023	Independent
Total	**-**	**4,770**	**309,362**		

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an independent valuer Josef Wang B.Eng, Quantity Surveyor, Infrastructure valuer and Regina Sun Quantity Surveyor. APV Valuers and Asset Management as at 31 December 2023.

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

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2024 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	646,792	31/12/2023	Independent
Bridges	-	-	99,589	31/12/2023	Independent
Footpaths and cycleways	-	-	47,852	31/12/2023	Independent
Drainage	-	-	66,914	31/12/2023	Independent
Recreational, leisure and community facilities	-	-	23,158	31/12/2023	Independent
Waste management	-	-	7,856	31/12/2023	Independent
Parks, open space and streetscapes	-	-	25,053	31/12/2023	Independent
Aerodromes	-	-	10,311	31/12/2023	Independent
Other infrastructure	-	-	31,701	31/12/2023	Independent
Total	**-**	**-**	**959,226**		

Notes to the Financial Report
For the Year Ended 30 June 2024

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 $1.20 and $450.00 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from $84 to $6,730 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 current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 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.

	2024	2023
Reconciliation of specialised land	**$'000**	**$'000**
Land under roads	1,988	1,426
Parks and reserves	69,230	68,145
Recreation and Leisure	57,330	57,116
Residential Land	706	1,022
Commercial Land	362	362
Aerodrome Land	15,802	15,802
Community Services Land	10,101	10,604
Business Centre/Library Land	4,669	4,669
Caravan Park Land	2,979	4,818
Carpark Land	4,642	4,746
Depot Land	832	832
Quarry Reserve Land	356	356
Drainage Reserve Land	14,658	10,248
Saleyard and Pound Facility Land	1,941	1,941
Waste Management Land	6,368	5,931
Road Reserves	467	467
Total specialised land	**192,431**	**188,485**

Notes to the Financial Report
For the Year Ended 30 June 2024

6.2 Investment property	2024 $'000	2023 $'000
Balance at beginning of financial year	7,455	8,263
Contributions	283	-
Additions	322	29
Transfer	2,600	(148)
Disposals	(117)	(12)
Fair value adjustments	244	(677)
Balance at end of financial year	**10,787**	**7,455**

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 API Membeer 63110, Senior Director, Commercial Compliance and Quality of JLL Public Sector Valuations Pty Ltd and Mark Pastor, Certified Practising Valuer CPV API Member 63501, Senior Valuer JLL Public Sector Valuations Pty Ltd as at 30 June 2023. 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 2026/27.

Notes to the Financial Report
For the Year Ended 30 June 2024

Note 7 PEOPLE AND RELATIONSHIPS

7.1 Council and key management remuneration

(a) 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:

		2024 No.	2023 No.
Councillors	Councillor Mark Reeves (Mayor 1/7/23 to 25/10/23)		
	Councillor Arthur Allen (Deputy Mayor 1/7/23 to 25/10/23)		
	Councillor Mendy Urie		
	Councillor Jane Greacen (Deputy Mayor 26/10/23 to 30/6/24)		
	Councillor Tom Crook (Mayor 26/10/23 to 30/6/24)		
	Councillor Trevor Stow		
	Councillor Kirsten Van Diggele		
	Councillor Sonia Buckley		
	Councillor John White		
	Anthony Basford, Chief Executive Officer (1/7/23 to 16/1/24)		
	Fiona Weigall, Acting Chief Executive Officer (17/1/24 to 7/4/24)		
	Fiona Weigall, Chief Executive Officer (8/4/24 to 30/6/24)		
	Alba Elling, Acting General Manager Business Excellence (1/7/23 to 1/11/23)		
	Sarah Johnston, General Manager Business Excellence (2/11/23 to 30/6/24)		
	Stuart McConnell, General Manager Place and Community (1/7/23 to 5/5/24)		
	Martin Richardson, Acting General Manager Place and Community (6/5/24 to 10/5/24)		
	Kath Smith, Acting General Manager Place and Community (15/5/24 to 10/6/24)		
	Alba Elling, Acting General Manager Place and Community (11/6/24 to 30/6/24)		
	Fiona Weigall, General Manager Assets and Environment (1/7/23 to 16/1/24)		
	Wayne Richards, Acting General Manager Assets and Environment (17/1/24 to 5/5/24)		
	Stuart McConnell, General Manager Assets and Environment (6/5/24 to 30/6/24)		
Total Number of Councillors		9	9
Total of Chief Executive Officer and other Key Management Personnel		8	5
Total Number of Key Management Personnel		**17**	**14**

(c) Remuneration of Key Management Personnel

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

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

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

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

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024 $'000	2023 $'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,336	1,230
Other long-term employee benefits	18	21
Post-employment benefits	97	91
Total	**1,451**	**1,342**

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

	2024 No.	2023 No.
$0 - $9,999	1	-
$10,000 - $19,999	1	1
$20,000 - $29,999	-	-
$30,000 - $39,999	6	7
$40,000 - $49,999	1	1
$50,000 - $59,999	1	-
$70,000 - $79,999	2	-
$90,000 - $99,999	1	1
$150,000 - $159,999	1	-
$190,000 - $199,999	1	-
$220,000 - $229,999	-	2
$230,000 - $239,999	-	1
$250,000 - $259,999	1	-
$280,000 - $289,999	1	1
	17	**14**

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds $170,000 and who report directly to a member of the KMP.

	2024 $'000	2023 $'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	166	176
Other long-term employee benefits	4	4
Post-employment benefits	19	18
Total	**189**	**198**

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

Income Range:	2024 No.	2023 No.
$180,000 - $189,999	1	-
$190,000 - $199,999	-	1
	1	**1**

	2024 $	2023 $
Total remuneration for the reporting year for other senior staff included above, amounted to:	**188,649**	**197,694**

Notes to the Financial Report
For the Year Ended 30 June 2024

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 2024, Council paid $161,787 to staff related to Key Management Personnel and has accrued benefits payable to these staff of $28,467 as at 30 June 2024, under standard employment terms and conditions.

2 For the year ended 30 June 2024, Council paid $186,139 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 - $75,395 for contracted slashing
Cr Allen	Leftrade Pty Ltd - $8,326 for goods and service
	Paper Cranes Sushi Pty Ltd - $13,405
Cr Greacen	Cunninghame Arm Medical Centre - $252 for employee related medical services
Alba Elling	East Gippsland Marketing Inc $88,761 for marketing services agreement and other services provided.

(b) Outstanding balances with related parties

The following balances totalling $63,179 are outstanding at the end of the reporting period in relation to transactions with related parties on normal commercial terms and conditions.

Cr White	Melwood Investments Pty Ltd - $2,420 for contracted slashing
Cr Allen	Leftrade Pty Ltd - $388 for goods and service
	Paper Cranes Sushi Pty Ltd - $1,685
Cr Greacen	Cunninghame Arm Medical Centre - $140 for employee related medical services
Alba Elling	East Gippsland Marketing Inc $58,546 for marketing services agreement and other services

(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

Notes to the Financial Report
For the Year Ended 30 June 2024

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
(i) Council is currently undergoing a process over a three year period to identify old drainage assets that are not currently recorded. At this stage Council is currently unable to value any of these found assets and will bring them to account in the future when valuations have been calculated.

(b) Contingent liabilities
Contingent liabilities are:
- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- present obligations that arise from past events but are not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

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

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 2024 reporting period. Council assesses the impact of these new standards.
In December 2022 the Australian Accounting Standards Board (AASB) issued *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* to modify AASB 13 *Fair Value Measurement* . AASB 2022-10 amends AASB 13 *Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities* not held primarily for their ability to generate net cash inflows. The AASB 13 modifications:
- are applicable only to not-for-profit public sector entities;
- are limited to fair value measurements of non-financial assets not held primarily for their ability to generate net cash inflows;
- are to be applied prospectively for annual periods beginning on or after 1 January 2024;
- would not necessarily change practice for some not-for-profit public sector entities; and
-do not indicate that entities changing practice in how they measure relevant assets made an error in applying the existing requirements of AASB 13.
Council will assess any impact of the modifications to AASB 13 ahead of the 2024-25 reporting period.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants* . AASB 2022-6 amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about long-term liabilities with covenants where the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The amendments in AASB 2022-6 are effective for annual periods beginning on or after 1 January 2024. Council will assess any impact of the modifications to AASB 101 ahead of the 2024-25 reporting period.

Notes to the Financial Report
For the Year Ended 30 June 2024

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank and TCV borrowings. Details of the material accounting policy information 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 allowance 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.

Notes to the Financial Report
For the Year Ended 30 June 2024

(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 + 1.0% and - 1.0% in market interest rates (AUD) from year-end rates of 4.35%.

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. (For plant and equipment carrying amount is considered to approximate fair value given short useful lives). At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 4 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	**Revaluation frequency**
Land	1 to 4 years
Buildings	1 to 4 years
Roads	1 to 4 years
Bridges	1 to 4 years
Footpaths and cycleways	1 to 4 years
Drainage	1 to 4 years
Recreational, leisure and community facilities	1 to 4 years
Waste management	1 to 4 years
Parks, open space and streetscapes	1 to 4 years
Aerodromes	1 to 4 years
Other infrastructure	1 to 4 years

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

Notes to the Financial Report
For the Year Ended 30 June 2024

Note 9 OTHER MATTERS

9.1 Reserves (a) Asset revaluation reserves	Balance at beginning of reporting period $'000	Increase (decrease) $'000	Balance at end of reporting period $'000
2024			
Property			
Land and land improvements	153,259	-	153,259
Buildings	90,944	-	90,944
	244,203	-	244,203
Infrastructure			
Roads	592,958	(85,196)	507,762
Bridges	87,796	(18,792)	69,004
Footpaths and cycleways	21,090	10,504	31,594
Drainage	53,244	(19,157)	34,087
Recreational, leisure and community facilities	16,621	(596)	16,025
Waste management	3,823	(2,494)	1,329
Parks, open space and streetscapes	14,792	(8,825)	5,967
Aerodromes	2,080	1,309	3,389
Offstreet car parks	3,287	(1,049)	2,238
Other infrastructure	19,997	(684)	19,313
	815,688	(124,980)	690,708
Total asset revaluation reserves	**1,059,891**	**(124,980)**	**934,911**
2023			
Property			
Land and land improvements	111,638	41,621	153,259
Buildings	94,763	(3,819)	90,944
	206,401	37,802	244,203
Infrastructure			
Roads	519,476	73,482	592,958
Bridges	76,191	11,605	87,796
Footpaths and cycleways	17,730	3,360	21,090
Drainage	45,297	7,947	53,244
Recreational, leisure and community facilities	14,242	2,379	16,621
Waste management	3,217	606	3,823
Parks, open space and streetscapes	11,610	3,182	14,792
Aerodromes	1,149	931	2,080
Offstreet car parks	2,114	1,173	3,287
Other infrastructure	17,791	2,206	19,997
	708,817	106,871	815,688
Total asset revaluation reserves	**915,218**	**144,673**	**1,059,891**

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

Notes to the Financial Report
For the Year Ended 30 June 2024

	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				
2024				
Car Parking	193	-	-	193
Development Contribution Plans	129	-	67	196
Lakes Entrance Northern Growth Area	1	-	-	1
Recreational Land	1,453	-	621	2,074
Road Upgrading	59	-	67	126
Total Other reserves	**1,835**	**-**	**755**	**2,590**
2023				
Car Parking	193	-	-	193
Development Contribution Plans	129	-	-	129
Lakes Entrance Northern Growth Area	1	-	-	1
Recreational Land	1,144	307	2	1,453
Road Upgrading	59	-	-	59
Total Other reserves	**1,526**	**307**	**2**	**1,835**

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.

Notes to the Financial Report
For the Year Ended 30 June 2024

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	2024 $'000	2023 $'000
Surplus/(deficit) for the year	22,552	37,812
Non-cash adjustments:		
Depreciation/Amortisation	30,333	25,148
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(8)	(437)
Write off property, plant and equipment	5,100	4,089
Fair value adjustments for investment property	(244)	677
Contributions - Non-monetary assets	(27,645)	(2,346)
Financing cost in financing activities	315	153
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,332)	285
(Increase)/decrease in prepayments	(313)	(88)
(Increase)/decrease in other assets	(19)	2,516
Increase/(decrease) in trade and other payables	692	(621)
(Decrease)/increase in contract and other liabilities	(3,461)	(6,763)
(Decrease)/increase in provisions	3,662	641
(Decrease)/increase in trust fundsd and deposits	382	722
Net cash provided by/(used in) operating activities	**30,014**	**61,788**

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 2024, this was 11.0% as required under Superannuation Guarantee (SG) legislation (2023: 10.5%)).

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 [Employer name] in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements
Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial investigation for the Defined Benefit category as at 30 June 2023 was conducted and completed by 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2023 was 104.1%. Council was notified of the 30 June 2023 VBI during August 2023. The financial assumptions used to calculate the 30 June 2023 VBI were:

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

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2023 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.

Notes to the Financial Report
For the Year Ended 30 June 2024

Employer contributions

(a) Regular contributions

On the basis of the results of the 2023 triennial 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 2024, this rate was 11.0% of members' salaries (10.5% in 2022/23). 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 2023 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 98% from July 2024 (previously 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 2023 triennial 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. A full investigation was conducted as at 30 June 2023.

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

	2023 (Triennial)	**2022 (Interim)**
	$m	$m
- A VBI Surplus	84.7	44.6
- A total service liability surplus	123.6	105.8
- A discounted accrued benefits surplus	141.9	111.9

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 2023.

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 2023.

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 2023.

The 2024 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024.
The VBI of the Defined Benefit category was 105.4% as at 30 June 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

Net investment returns 5.6% pa
Salary information 3.5% pa
Price inflation (CPI) 2.7% pa

Council was notified of the 30 June 2024 VBI during August 2024.
Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

Notes to the Financial Report
For the Year Ended 30 June 2024

The 2020 triennial investigation

The last triennial actuarial investigation conducted prior to 30 June 2023 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation was:

	2020 Triennial investigation	2023 Triennial investigation
Net investment return	5.6% pa	5.7% pa
Salary inflation	2.5% pa for two years and 2.75% pa thereafter	3.50% pa
Price inflation	2.0% pa	2.8% pa

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2024 are detailed below:

Scheme	Type of Scheme	Rate	2024 $'000	2023 $'000
Vision super	Defined benefits	11.0% (2023:10.5%)	37	20
Vision super	Accumulation	11.0% (2023:10.5%)	1,448	1,436
Various other funds	Accumulation	11.0% (2023:10.5%)	2,492	2,016

There were contributions outstanding of $63,486 and no loans issued from or to the above schemes as at 30 June 2024.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2025 is $21,222.

Notes to the Financial Report
For the Year Ended 30 June 2024

Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2023/24 year.

East Gippsland Shire Council

Performance Statement

For the year ended 30 June 2024

Table of Contents

Certification of performance statement

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*.

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Elizabeth Collins, CPA
Principal Accounting Officer
Dated: *(Date)*

In our opinion, the accompanying performance statement of the East Gippsland Shire Council for the year ended 30 June 2024 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.

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Councillor
Dated: *(Date)*

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Councillor
Dated: *(Date)*

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Fiona Weigall
Chief Executive Officer
Dated: *(Date)*

Victorian Auditor-General's Office audit report

Victorian Auditor-General's Office audit report

Section 1. Description of East Gippsland Shire Council

East Gippsland Shire Council 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 approximately 21,000 square kilometres or 10 per cent of the State. East Gippsland has an Estimated Residential Population of approximately 49,179 residents (as at 30 June 2023).

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.

We are responsible for maintaining 3,010 km of roads, 191 timber and concrete bridges, 27 pedestrian bridges, over 3,500 km of table drains, 540 km of kerb and channel, 350 hectares of Parks and Gardens and over 4,500 streetlights.

Section 2. Service Performance Indicators

For the year ended 30 June 2024

	Results					Comments
	2021	2022	2023	2024		
	Actual	Actual	Actual	Target as per budget	Actual	
Aquatic facilities *Utilisation* *Utilisation of aquatic facilities* [Number of visits to aquatic facilities / Municipal population]	4.06	6.07	9.23	N/A	9.93	Council continued to see growth in recreation centre utilisation over the reporting period. Utilisation data includes the Bairnsdale Aquatic Recreation centre, Bairnsdale outdoor pool, Lakes Entrance Aquadome and Orbost outdoor pool.
Animal management *Health and safety* *Animal management prosecutions* [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	0%	100%	100%	N/A	100%	There was one successful prosecution of an animal management case during the reporting period.
Food safety *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	100.00%	100.00%	100.00%	N/A	100.00%	A total of 15 critical or major non-compliances were followed up in 2023 calendar year.

	Results					Comments
	2021	2022	2023	2024		
	Actual	Actual	Actual	Target as per budget	Actual	
Governance *Satisfaction* *Satisfaction with community consultation and engagement* *(*community satisfaction rating out of 100 with the consultation and engagement efforts of Council)	51	48	45	50	41	Satisfaction with community consultation and engagement has decreased over the reporting period. Council is currently reviewing its consultation and engagement practices to improve the community satisfaction rating in future years.
Libraries *Participation* *Library membership* [percentage of the population that are registered library members] x100	N/A	N/A	N/A	N/A	12.34%	There are 6,081 active registered library members in East Gippsland. This is a new indicator and hence no previous year results are available.
Roads Condition Sealed local roads below the intervention level (percentage of sealed local roads that are below the renewal intervention level set by Council and not requiring renewal)	96.81%	94.04%	97.37%	97.00%	96.03%	Council continues to maintain sealed local roads to very high standard below the renewal intervention level, resulting in only 4% of local roads identified as requiring renewal. A comprehensive condition assessment is conducted every four years, with the latest undertaken in late 2023.
Statutory Planning *Service standard* *Planning applications decided within the relevant required time* (percentage of planning application decisions made within the relevant required time)	32.38%	38.91%	37.12%	60.00%	36.41%	The percentage of planning applications decided within the required timeframe has decreased during this reporting period. Council will continue to review and refine internal processes to improve this result.

	Results					Comments
	2021	2022	2023	2024		
	Actual	Actual	Actual	Target as per budget	Actual	
Waste Collection *Waste diversion* *Kerbside collection waste diverted from landfill* [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	53.48%	53.32%	53.06%	55.00%	49.18%	The introduction of the Container Deposit Scheme has contributed to a decrease in the weight of kerbside collection waste diverted from landfill.

Section 3. Financial Performance Indicators

For the year ended 30 June 2024

Dimension / *indicator* / *measure*	2021 Actual	2022 Actual	2023 Actual	2024 Target as per Budget	2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	Material Variations and Comments
Efficiency *Expenditure level* *Expenses per property assessment* [Total expenses / Number of property assessments]	$3,549.43	$3,414.94	$3,617.96	$3,803.55	$3,990.98	$3,960.50	$3,738.97	$3,649.78	$3,705.18	There was an increase in expenditure over budget which related to the write off of a number of buildings and infrastructure assets. This was $5.1 million.
Revenue level *Average rate per property assessment* [General rates and Municipal charges / Number of property assessments]	$1,623.26	$1,653.46	$1,691.66	$1,738.58	$1,764.72	$1,798.21	$1,840.76	$1,889.26	$1,938.89	Within the expected range and no material change from 2023.
Liquidity *Working capital* *Current assets compared to current liabilities* [Current assets / Current liabilities] x100	248.59%	256.80%	307.46%	186.90%	282.70%	226.31%	214.46%	201.84%	220.50%	The advance payment in the 2022/23 year of $19.6 million of the 2023/24 Federal Assistance grant increased current assets in the previous year and impacted on the movement in this indicator.

Dimension / *indicator* / *measure*	2021	2022	2023	2024		2025	2026	2027	2028	Material Variations and Comments
	Actual	Actual	Actual	Target as per Budget	Actual	Forecast	Forecast	Forecast	Forecast	
Unrestricted cash *Unrestricted cash compared to current liabilities* [Unrestricted cash / Current liabilities] x100	123.66%	61.38%	89.62%	112.70%	137.45%	133.21%	120.40%	110.75%	123.37%	Unrestricted cash has increased mainly because of $45 million of investments classified in Other Financial Assets at the end of the previous year with no investments classified as Other financial assets at the end of 2023/24 year. The 2022/23 financial year included the advance payment of the 2023/24 Federal Assistance Grant of $19.6 million.
Obligations *Loans and borrowings* *Loans and borrowings compared to rates* [Interest and principle repayments on Interest bearing loans and borrowings / Rate revenue] x100	5.53%	2.64%	4.44%	13.30%	14.11%	13.47%	15.33%	15.42%	11.99%	Council drew down $7.043 million of the approved Community Infrastructure Low Interest Loans during the year which increased borrowings at year end.

Dimension / *indicator* / *measure*	2021 Actual	2022 Actual	2023 Actual	2024 Target as per Budget	2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	Material Variations and Comments
Loans and borrowings *Loans and borrowings repayments compared to rates* [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.48%	3.23%	0.27%	1.50%	0.57%	1.54%	1.58%	1.94%	3.43%	In the 2022/23 year there were no repayments of borrowings but in the 2023/24 year there were repayments of $96k.
Indebtedness *Non-current liabilities compared to own source revenue* [Non-current liabilities / Own source revenue] x100	13.42%	9.79%	7.96%	18.30%	18.17%	18.45%	19.21%	16.71%	17.42%	Own source revenue increased mainly because of rate income increasing by $4.293 million and user fees increasing by $1.04 million whilst non-current liabilities increased by $10.5 million because of an increase in provisions and interest-bearing liabilities as a result of the new borrowings during the year.
Asset renewal and upgrade *Asset renewal and upgrade compared to depreciation* [Asset renewal and upgrade expense / Asset depreciation] x100	147.69%	112.75%	97.34%	293.20%	126.50%	248.43%	149.16%	118.32%	119.34%	There was an increase in asset renewal and upgrade capital projects in 2023/24 because of the increased capital works program.

Dimension / *indicator* / *measure*	2021 Actual	2022 Actual	2023 Actual	2024 Target as per Budget	2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	Material Variations and Comments
Operating position *Adjusted underlying result* *Adjusted underlying surplus (or deficit)* [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	4.49%	10.33%	13.92%	-8.84%	-23.30%	-4.42%	0.63%	2.65%	2.75%	The 100% advance payment of the 2023/24 Victoria Grants Commission allocation of $19.6 million in the 2022/23 year decreased total revenue for the year and was the main contributing factor to the underlying deficit.
Stability *Rates concentration* *Rates compared to adjusted underlying revenue* [Rate revenue / Adjusted underlying revenue] x100	50.77%	50.72%	47.77%	60.13%	65.56%	56.90%	58.72%	60.47%	61.07%	There was a decrease in operating grants in the 2023/24 year because of the advance payment of the Victoria Grants Commission allocation of $19.6 million in the 2022/23 year. This impacted on both the 2023/24 underlying revenue and the 2022/23 underlying revenue and accounts for the increase in this indicator.

Dimension / *indicator* / *measure*	2021 Actual	2022 Actual	2023 Actual	2024 Target as per Budget	2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	Material Variations and Comments
Rates effort *Rates compared to property values* [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.55%	0.51%	0.41%	0.36%	0.36%	0.37%	0.35%	0.33%	0.31%	The increase in property CIV of approximately 18.6% compared to the increase in rate revenue of 4.8% overall has resulted in a decrease in rates compared to property values.

Section 4. Sustainable Capacity Indicators

For the year ended 30 June 2024

Indicator / measure [formula]	Results 2021 Actual	2022 Actual	2023 Actual	2024 Actual	Comment
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	$2,386.32	$2,285.97	$2,417.94	$2,672.75	There was an increase in expenditure because of a number of projects that were funded from 2019 Bushfire grants, received in prior years, that were incomplete at the end of the previous year and the project expenditure continued into the current year. There was also an increase in depreciation over the previous financial year.
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	$22,789.57	$23,419.57	$25,544.50	$23,687.77	There was a reduction in the net value of infrastructure assets following the revaluation undertaken in 2023/24 year.
Population density per length of road [Municipal population / Kilometres of local roads]	15.99	15.95	16.46	16.34	Within the expected range and no material change from 2023.
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	$1,906.34	$1,791.01	$1,875.75	$1,995.40	Within the expected range and no material change from 2023.
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	$439.73	$564.45	$571.89	$94.02	There was a decrease in recurrent operating grants in the 2023/24 year because of the advance payment of the Victoria Grants Commission allocation of $19.6 million in the 2022/23 year and this has impacted this indicator.

Indicator / measure [formula]	Results 2021 Actual	2022 Actual	2023 Actual	2024 Actual	Comment
Disadvantage *Relative socio-economic disadvantage* [Index of Relative Socio-economic Disadvantage by decile]	3.00	3.00	3.00	3.00	No change to prior year.
Workforce turnover *Percentage of staff turnover* [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	12.8%	20.5%	14.2%	13.1%	This demonstrates a positive trend in staff turnover.

Section 5. Notes to the accounts

5.1 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 service performance, financial performance and sustainable capacity indicators and measures together with a description of the municipal district, an explanation of material variations in the results and notes to the accounts. 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 or the Council's satisfaction survey provider).

The performance statement presents the actual results for the current year and the previous three years, along with the current year's target, if mandated by the *Local Government (Planning and Reporting) Regulations 2020*. Additionally, for the prescribed financial performance indicators and measures, the performance statement includes the target budget for the current year and the results forecast for the period 2024-25 to 2027-28 by the council's financial 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.

5.2 Definitions

Key term	Definition
adjusted underlying revenue	means total income other than: • non-recurrent grants used to fund capital expenditure; and • non-monetary asset contributions; and • contributions to fund capital expenditure from sources other than those referred to above
adjusted underlying surplus (or deficit)	means adjusted underlying revenue less total expenditure
annual report	means an annual report prepared by a council under section 98 of the Act
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
asset upgrade expenditure	means expenditure that— (a) enhances an existing asset to provide a higher level of service; or (b) extends the life of the asset beyond its original life
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 authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health
current assets	has the same meaning as in the Australian Accounting Standards
current liabilities	has the same meaning as in the Australian Accounting Standards
food premises	has the same meaning as in the *Food Act 1984*
intervention level	means the level set for the condition of a road beyond which a council will not allow the road to deteriorate and will need to intervene
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
non-current liabilities	means all liabilities other than current liabilities
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

Key term	Definition
rate revenue	means revenue from general rates, municipal charges, service rates and service charges
relative socio-economic disadvantage	in relation to a municipal district, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipal district is located according to the Index of Relative Socio-Economic Disadvantage of SEIFA
restricted cash	means cash, cash equivalents and financial assets, within the meaning of the Australian Accounting Standards, 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
SEIFA	means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet site
unrestricted cash	means all cash and cash equivalents other than restricted cash

5.3 Other Matters

No other matters to be reported.

3 Close of Meeting