



Unscheduled Council Meeting Agenda

Tuesday 7 October 2025 at 1.00 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 Bidawel people as the Traditional Custodians of this land that encompasses East Gippsland Shire, and their enduring relationship with country. The Traditional Custodians have cared and nurtured East Gippsland for tens of thousands of years.

Council values their living culture and practices and their right to self-determination. Council pays respect to all Aboriginal and Torres Strait Islander people living in East Gippsland, their Elders, past, present, and future.

Council information

East Gippsland Shire Council live streams, records and publishes its meetings via webcasting (youtube.com/c/EastGippsTV) 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 John White (Mayor)
Cr Sonia Buckley (Deputy Mayor)
Cr Arthur Allen
Cr Jodie Ashworth
Cr Tom Crook
Cr Barry Davis
Cr Joanne Eastman
Cr Bernie Farquhar
Cr Ian Trevaskis

Executive Leadership Team

Stuart McConnell Acting Chief Executive Officer
Nathan Misiurka Acting General Manager Assets and Environment
Sarah Johnston General Manager Business Excellence
Kris Wain Acting 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

To foster inclusive, connected, communities and places where all East Gippslanders prosper, and endeavour not to leave anyone behind.

Our Strategic Themes

1. Community Wellbeing and Social Responsibility
2. Prosperity
3. Making the Most of What We've Got
4. Managing Council Well

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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 John White 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 7 October 2025 at 1.00 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 21 October 2025 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 2024/25 and Performance Statement 2024/25

Authorised by Acting General Manager Business Excellence

Purpose

This report provides Council with the 2024/25 Financial Statements and Performance Statement and seeks a resolution appointing two Councillors to certify the Financial Statements and the Performance Statement in their final form.

Key Points

The *Local Government Act 2020* (the Act) requires Councils to produce an Annual Report each financial year and sections 98, 99 and 100 of the Act details the requirements in respect of the preparation and certification of the Annual Report, annual financial statements and performance statement.

The 2024/25 Financial Statements and Performance Statement are presented to Council for certifying 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 Council, after passing a resolution giving its approval in principle to the performance statement and financial statements, must submit the statements to the auditor for reporting on the audit.

The Council must ensure that the Performance Statement and the Financial Statements in their final form, after any changes recommended or agreed by the auditors have been made, are certified in accordance with the *Local Government (Planning and Reporting) Regulations 2020* by two Councillors authorised by the Council.

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

The Auditor will present the Financial Statements and Performance Statement to the Audit and Risk Committee (Committee) meeting on Tuesday 7 October 2025. After discussion between the Committee and the Auditor, it is anticipated that the Committee will recommend that Council adopts the accounts and Performance Statement 'in principle'. Past practice has been that two Councillors are nominated to sign the Financial Statements and Performance Statement.

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 2024/25 as provided at Attachment 1, subject to the Victorian Auditor - General's review;***
- 2. provides 'in principle' approval to the Performance Statement 2024/25 as provided at Attachment 2, subject to the Victorian Auditor - General's review; and***
- 3. appoints Councillors _____ and _____ to certify the Financial Statements 2024/25 and the Performance Statement 2024/25 in their final form.***

Financial Statements 2024/25

Council has prepared the draft Annual Financial Statements and the Performance Statement for the year ending 30 June 2025.

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 2025. Key result in the Financial Statements are as follows:

Council achieved a net operating result of \$25.407 million, compared to a budgeted result of \$28.961 million (a shortfall of \$3.554 million or 12.27%). While total income was \$10.2 million above budget (6.31% increase), this was outweighed by expenditure exceeding budget by \$13.7 million (10.37% over). This variance was primarily due to higher employee costs and significant asset write-offs. There was no asset revaluation adjustment recorded for 2024/25. Overall, Council remains in a stable financial position, supported by a strong asset base and healthy cash reserves.

Key Financials

Total operating income for 2024/25 was \$171.6 million, exceeding the budget of \$161.4 million by 6%, driven largely by early grant payments and higher user fees. Operating expenditure reached \$146.2 million, which is 10% above budget, primarily due to higher employee costs, asset write-offs, and increased depreciation from contributed and revalued assets.

Council invested \$43.8 million in capital works, with key deferrals pushing several major projects into 2025/26. The written down value of property, infrastructure, plant and equipment stands at \$1.375 billion.

Year-end cash and cash equivalents totalled \$86.0 million, down \$31.1 million from the previous year. Of this, \$61.5 million is restricted, comprising:

- \$3.8 million in trust funds and deposits
- \$6.9 million in advance grant funding
- \$2.6 million in statutory reserves
- \$11.4 million in discretionary reserves
- \$36.8 million for carried-forward capital works

Despite some project delays, Council maintains a strong financial position with adequate liquidity and asset base to meet future obligations.

A summary of key financial sustainability indicators is included below:

Key financial sustainability indicators

The Council's Working Capital Ratio (current assets to current liabilities) remains well above the budgeted target of 150%, indicating a strong short-term financial position and a low liquidity risk. This result reflects Council's capacity to meet its obligations as they fall due. Another critical measure, the Asset Renewal Gap, which compares actual renewal expenditure to depreciation is also tracking above the 100% target, demonstrating that Council is adequately reinvesting in its asset base to maintain service levels over the long term.

Indicator	Target	2024/25	2023/24	Risk rating
Net result %	>0%	14.70%	14.60%	Low
Underlying surplus/ (deficit) %	>5%	14.70%	(23.30%)	Medium
Liquidity/Working Capital (ratio)	1.5	333.37%	282.70%	Low
Asset renewal %	100%	103.02%	126.50%	Low
Indebtedness	60%	16.97%	18.17%	Low
Unrestricted Cash	>80%	170.6%	103.7%	Low

The adjusted underlying result is assessed as having a low-risk rating. This indicator is calculated excluding income from non-cash contributions and non-recurring grant income. The 2024/25 result was impacted by the early receipt of the \$10.6 million Grants Commission payment for the 2025/26 year, which was received at the end of June 2025 and recognized in the 2024/25 financial year.

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 on Operations and the Performance Statement in the Annual Report. Only the data in the Performance Statement must be audited. There is a larger set of indicators which will be reported through the LGPRF framework and published on the [VAGO](#) and [Victorian Government](#) websites.

Strategic Alignment

This report has been prepared and aligned with the following theme/s in the Council Plan 2025-2029:

Theme 4: Managing Council well

Outcome – Council operates transparently and effectively with public trust

Theme 4: Managing Council well

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

Consultation/Community Engagement/Impacts

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 7 October 2025.

The Annual Report including all financial statements and indicators referenced in this report will be released as a public document which meets the 'inform' level of the community engagement spectrum.

Climate change

This report is assessed as having no direct impact on climate change.

Conflicts of Interest

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

Attachments

1. Annual Financial Statements 2024/25 [2.1.1.1 - 72 pages]
2. Performance Statement 2024/25 [2.1.1.2 - 17 pages]

East Gippsland Shire Council

ANNUAL FINANCIAL REPORT for the year ended 30 June 2025



East Gippsland Shire Council

2024/2025 Financial Report

Annual Financial Report

for the year ended 30 June 2025

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2024/2025 Financial Report

Annual Financial Report

for the year ended 30 June 2025

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East Gippsland Shire Council

2024/2025 Financial Report

Annual Financial Report
for the year ended 30 June 2025

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.

Ernest Mhande CPA
Principal Accounting Officer
Dated: Date
Bairnsdale

In our opinion, the accompanying financial statements present fairly the financial transactions of East Gippsland Shire Council for the year ended 30 June 2025 and the financial position of the Council as at that date.

At the date of signing, we are not aware of any circumstances which 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.

Councilor
Dated: Date
Bairnsdale

Councillor
Dated: Date
Bairnsdale

Fiona Weigall
Chief Executive Officer
Dated: Date
Bairnsdale

East Gippsland Shire Council

2024/2025 Financial Report

Annual Financial Report
for the year ended 30 June 2025

Victorian Auditor-General's Office Report

Insert VAGO Report here

East Gippsland Shire Council

2024/2025 Financial Report

Annual Financial Report
for the year ended 30 June 2025

Victorian Auditor-General's Office Report (continued)

Insert VAGO Report here

East Gippsland Shire Council

2024/2025 Financial Report

Comprehensive Income Statement

for the year ended 30 June 2025

	Note	2025 \$ '000	2024 \$ '000
Income / Revenue			
Rates and charges	3.1	72,720	69,885
Statutory fees and fines	3.2	2,398	2,924
User fees	3.3	14,739	14,113
Grants - operating	3.4	35,424	5,080
Grants - capital	3.4	21,718	22,105
Contributions - monetary	3.5	399	1,033
Contributions - non monetary	3.5	11,708	27,645
Net gain on disposal of property, infrastructure, plant and equipment	3.6	329	8
Fair value adjustments on investment properties	6.2	377	244
Other income	3.7	11,871	10,958
Total income / revenue		171,683	153,995
Expenses			
Employee costs	4.1	45,997	41,447
Materials and services	4.1	57,326	52,618
Depreciation	4.2	31,704	29,294
Amortisation - Intangible assets	4.3	997	950
Depreciation - Right of use assets	4.4	80	89
Allowance for impairment losses	4.5	105	94
Borrowing costs	4.6	355	314
Finance Costs - Leases	4.7	14	16
Other expenses	4.8	9,427	6,932
Landfill rehabilitation provision movement	5.5	271	(311)
Total expenses		146,276	131,443
Surplus for the year		25,407	22,552
Other comprehensive income:			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain	9.1	—	(124,980)
Total items which will not be reclassified subsequently to the operating result		—	(124,980)
Total other comprehensive income		—	(124,980)
Total comprehensive result		25,407	(102,428)

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

East Gippsland Shire Council

2024/2025 Financial Report

Balance Sheet

as at 30 June 2025

	Note	2025 \$ '000	2024 \$ '000
Assets			
Current assets			
Cash and cash equivalents	5.1	86,005	117,192
Trade and other receivables	5.1	10,417	10,189
Other financial assets	5.1	37,159	—
Contract assets		2,337	3,652
Other assets	5.2	2,738	2,251
Total current assets		138,656	133,284
Non-current assets			
Trade and other receivables	5.1	99	154
Other financial assets	5.1	10	10
Property, infrastructure, plant and equipment	6.1	1,375,817	1,362,142
Investment property	6.2	13,030	10,787
Intangible assets	5.2	1,959	3,663
Right-of-use assets	5.8	465	593
Total non-current assets		1,391,380	1,377,349
Total assets		1,530,036	1,510,633
Liabilities			
Current liabilities			
Trade and other payables	5.3	16,105	12,873
Trust funds and deposits	5.3	3,821	4,137
Contract and other liabilities	5.3	7,204	15,815
Provisions	5.5	13,743	13,579
Interest-bearing liabilities	5.4	695	663
Lease liabilities	5.8	24	79
Total current liabilities		41,592	47,146
Non-current liabilities			
Contract and other liabilities	5.3	265	340
Provisions	5.5	8,067	7,694
Interest-bearing liabilities	5.4	8,501	9,196
Lease liabilities	5.8	547	600
Total non-current liabilities		17,380	17,830
Total liabilities		58,972	64,976
Net assets		1,471,064	1,445,657
Equity			
Accumulated surplus		533,426	508,156
Reserves	9.1	937,638	937,501
Total Equity		1,471,064	1,445,657

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

East Gippsland Shire Council

2024/2025 Financial Report

Statement of Changes in Equity
for the year ended 30 June 2025

	Note	Total \$ '000	Accumulated Surplus \$ '000	Revaluation Reserves \$ '000	Other Reserves \$ '000
2025					
Balance at beginning of the financial year		1,445,657	508,156	934,911	2,590
Surplus/(deficit) for the year		25,407	25,407	—	—
Net asset revaluation gain/(loss)	6.1	—	—	—	—
Transfers to other reserves	9.1	—	(137)	—	137
Balance at end of the financial year		<u>1,471,064</u>	<u>533,426</u>	<u>934,911</u>	<u>2,727</u>
2024					
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
Balance at end of the financial year		<u>1,445,657</u>	<u>508,156</u>	<u>934,911</u>	<u>2,590</u>

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

East Gippsland Shire Council

2024/2025 Financial Report

Statement of Cash Flows

for the year ended 30 June 2025

	Note	2025 Inflows/ (Outflows) \$ '000	2024 Inflows/ (Outflows) \$ '000
Cash flows from operating activities			
Rates and charges		72,187	67,827
Statutory fees and fines		2,397	2,946
User fees		15,855	16,588
Grants - operating		37,139	3,454
Grants - capital		13,976	20,595
Contributions - monetary		425	1,042
Interest received		5,754	7,074
Reimbursements		4,675	3,779
Trust funds and deposits taken		9,870	12,598
Other receipts		1,803	(7)
Net GST refund		4,058	3,019
Employee costs		(45,256)	(40,585)
Materials and services		(59,932)	(54,085)
Trust funds and deposits repaid		(10,258)	(12,216)
Other payments		(3,117)	(2,015)
Net cash provided by operating activities	9.2	49,576	30,014
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(44,461)	(61,028)
Proceeds from sale of property, infrastructure, plant and equipment		1,949	1,341
Payments for investments		(37,159)	—
Proceeds from sale of investments		—	45,262
Net cash (used in) investing activities		(79,671)	(14,425)
Cash flows from financing activities			
Finance costs		(355)	(299)
Proceeds from borrowings		—	7,043
Repayment of borrowings		(663)	(96)
Interest paid - lease liability		(14)	(16)
Repayment of lease liabilities		(60)	(74)
Net cash flow provided by/(used in) financing activities		(1,092)	6,558
Net Increase /(decrease) in cash and cash equivalents		(31,187)	22,147
Cash and cash equivalents at the beginning of the financial year		117,192	95,045
Cash and cash equivalents at the end of the financial year ¹		86,005	117,192
Financing arrangements	5.6	10,996	11,659

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

East Gippsland Shire Council

2024/2025 Financial Report

Statement of Capital Works

for the year ended 30 June 2025

	Note	2025 \$ '000	2024 \$ '000
Property			
Land		104	174
Total land		104	174
Buildings		7,615	16,888
Heritage buildings		19	10
Total buildings		7,634	16,898
Total property		7,738	17,072
Plant and equipment			
Plant, machinery and equipment		4,763	5,182
Fixtures, fittings and furniture		551	280
Computers and telecommunications		938	905
Library books		207	207
Total plant and equipment		6,459	6,574
Infrastructure			
Roads		11,872	11,289
Bridges		1,528	3,716
Footpaths and cycleways		1,326	3,160
Drainage		2,506	1,191
Recreational, leisure and community facilities		5,619	4,106
Waste management		161	205
Parks, open space and streetscapes		4,000	3,982
Aerodromes		53	9
Off street car parks		1,147	1,371
Other infrastructure		1,416	3,966
Total infrastructure		29,628	32,995
Total capital works expenditure	6.1	43,825	56,641
Represented by:			
New asset expenditure		9,652	19,584
Asset renewal expenditure		32,663	32,423
Asset upgrade expenditure		1,510	4,634
Total capital works expenditure		43,825	56,641

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

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

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 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

continued on next page ...

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 1. Overview (continued)

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.

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 2. Analysis of our results

Note 2.1 Performance against budget

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

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 2025 \$ '000	Actual 2025 \$ '000	Variance \$ '000	Variance %	Ref
Income / Revenue					
Rates and charges	72,221	72,720	499	0.69%	
Statutory fees and fines	2,646	2,398	(248)	(9.37)%	
User fees	13,527	14,739	1,212	8.96%	1
Grants - operating	26,062	35,424	9,362	35.92%	2
Grants - capital	36,169	21,718	(14,451)	(39.95)%	3
Contributions - monetary	310	399	89	28.71%	4
Contributions - non monetary	2,000	11,708	9,708	485.40%	5
Net gain on disposal of property, infrastructure, plant and equipment	—	329	329	∞	6
Fair value adjustments on investment properties	—	377	377	∞	7
Other income	8,564	11,871	3,307	38.62%	8
Total income / revenue	161,499	171,683	10,184	6.31%	
Expenses					
Employee costs	41,504	45,997	(4,493)	(10.83)%	9
Materials and services	57,260	57,326	(66)	(0.12)%	
Depreciation	30,214	31,704	(1,490)	(4.93)%	10
Amortisation - intangible assets	1,093	997	96	8.78%	
Depreciation - right of use assets	71	80	(9)	(12.68)%	11
Allowance for impairment losses	48	105	(57)	(118.75)%	12
Borrowing costs	391	355	36	9.21%	
Finance costs - leases	1	14	(13)	(1,300.00)%	
Other expenses	1,956	9,427	(7,471)	(381.95)%	13
Landfill Provision Movement	—	271	(271)	∞	14
Total expenses	132,538	146,276	(13,738)	(10.37)%	
Surplus/(deficit) for the year	28,961	25,407	(3,554)	(12.27)%	

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance		Explanation
Ref	Item	
1.	User fees	User fees exceeded the budget by \$1.212 million this year, primarily due to increased usage and activity across multiple facilities. Indoor Recreation Centres and pool memberships generated \$362,000 more than expected, reflecting higher patronage. The Livestock Exchange also outperformed projections, bringing in an additional \$494,000 as a result of stronger sales throughout the year. At both the Mallacoota Foreshore Holiday Park and Swift Creek Caravan Park, booking fees surpassed the budget by \$218,000 due to a rise in visitor numbers. In contrast, revenue from the Eagle Point Caravan Park declined by \$45,000, as the park was leased out during the year and no longer produced direct income. The remaining \$183,000 increase came from other activities, including marinas and the Raymond Island Ferry services.
2.	Grants - operating	Grant income was \$9.362 million higher than the adopted budget, mainly because an advance payment of \$10.696 million was received in June 2025 from the Victoria Grants Commission for the 2025/26 financial year. This boost was partially reduced by a \$912,000 decrease due to delays in completing the Sarsfield Recreation Reserve project, which has now been postponed to 2025/26.
3.	Grants - capital	Capital grants were \$14.451 million below the adopted budget, primarily due to delays in several major capital projects. These projects are now expected to be completed in the 2025/26 financial year, and as a result, the associated grant funding was not recognised in the current financial year. The main projects with funding carried forward include: Krautungalung Walk – \$566,000 Bairnsdale Airport Terminal – \$867,000 WORLD Sporting Precinct – \$1,027,000 Slip Road Maritime Precinct, Paynesville – \$1,619,000 Roads to Recovery-funded projects – \$651,000 Bairnsdale Runway 04/22 Extension – \$9,618,000 (new grant applications in progress)

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

4.	Contributions - monetary	Unbudgeted contributions of \$252,000 were received in 2024/25 for the Swift creeks Recreation Reserve project and other capital works. This extra income helped to partly offset a \$163,000 shortfall in developer and other operating contributions, which was due to delays in completing new subdivisions during the financial year.
5.	Contributions - non monetary	Contributed assets totaling \$9.708 million above budget were received during the year, significantly exceeding the budget of \$2 million. The value of developer-contributed assets fluctuates each year depending on subdivision activity. For the 2023/24 and 2024/25 years, the number of assets transferred to the Council was higher than usual due to the timing of several subdivision completions. It is often not easy to forecast accurately when development will be completed.
6.	Net gain on disposal of property, infrastructure, plant and equipment	During the year, Council sold plant and vehicles, resulting in a net gain of \$329,000. This type of income is not typically included in the budget, as the timing and value of asset disposals can vary significantly and are difficult to predict in advance. The net proceeds depend on factors such as market conditions, asset condition at the time of sale, and operational needs, making it impractical to reliably forecast this revenue.
7.	Fair value adjustments on investment properties	At the end of the year, the fair value of investment properties increased by \$377,000. This increase was not included in the budget because fair value adjustments are difficult to predict accurately. Market conditions and property values can fluctuate unexpectedly due to factors beyond the Council's control, making it challenging to estimate these changes at the time of preparing the budget.
8.	Other income	Other income was \$3.307 million higher than budgeted. This was mainly due to additional investment income of \$3.028 million earned during the year. The increase resulted from higher-than-expected RBA interest rates and more cash available for investment. The cash came from grants received in advance of project delivery, along with unspent funds carried forward from incomplete capital projects at the end of the 2023/24 financial year. The remaining balance of \$279,000 is accounted by income from rental property and others.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

9. Employee costs

Employee Costs were \$4.493 million over budget for the 2024/25 financial year, a variance that was consistently reported in the quarterly budget updates to Council from the first quarter. Several key factors contributed to this overspend:

- Carry-forward of Bushfire Support Roles: An additional \$1.023 million in employee costs was incurred due to the extension of bushfire recovery programs. These roles, which were fully grant-funded, continued into 2024/25 to ensure program completion
- Casual Wages: Casual staff costs exceeded the budget by \$1.949 million. This was largely driven by the need to maintain service delivery across various areas where permanent staff were on leave, particularly sick leave.

The majority of this overspend relates to backfilling staff absences to ensure continuity of service.

Sick Leave costs totalled \$1.261 million. As these costs are typically not included in the operating budget, they significantly impacted the overall employee cost variance. The high level of sick leave also contributed to the increased use of casual staff. Other employee related costs account for the remaining \$260,000.

10. Depreciation

Depreciation expenses were \$1.490 million higher than budgeted for the 2024/25 financial year. The main driver of this variance was a reduction in the remaining useful lives of several infrastructure assets, following condition assessment updates made during the 2023/24 asset revaluation. These adjustments led to accelerated depreciation on affected assets.

In addition, the full-year impact of higher asset values resulting from the 2023/24 revaluation also contributed to increased depreciation charges in 2024/25.

Another contributing factor was the significant volume of contributed assets, particularly roads and footpaths transferred to Council ownership through completed subdivisions. These contributed assets totalled approximately \$15 million in 2023/24 and \$9 million in 2024/25—well above budgeted expectations—and are now included in the depreciable asset base.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

11	Depreciation - right of use assets	This represents a minor variance and reflects the actual depreciation expense for leased assets during the year.
12	Allowance for impairment losses	Allowance for Impairment Losses was \$57,000 higher than budgeted. This variance arose from the end-of-year assessment of doubtful debts, which identified a greater need for provision than initially expected. This type of variance is not uncommon, as the allowance for impairment is based on actual debtor balances and their recoverability at year end. Since it reflects changes in payment behavior, economic conditions, and the age of outstanding debts, it can be difficult to estimate accurately at the time the budget is prepared.
13	Other expenses	Asset Write-Offs totalled \$7.471 million for the year. Of this amount, \$7.370 million related to the write-off of buildings, roads, bridges, and other infrastructure assets that were replaced during the year. When an asset—such as a road, footpath, or bridge—is upgraded or renewed, the old component it replaces is removed from the asset register and its remaining value is written off. This is standard accounting practice and ensures Council's asset records reflect only the current condition and value of infrastructure. While this appears as an expense in the financial statements, it aligns with the renewal and upgrade of community assets and does not represent a loss in service.
14	Landfill Provision Movement	This variance is due to an end-of-year adjustment to the present value calculation of Council's future obligation to rehabilitate landfill sites. Under accounting standards, councils are required to set aside a provision for the future cost of restoring and monitoring landfill sites after they are closed. This provision is based on estimates of future rehabilitation costs, the expected timing of those costs, and discount rates used to calculate their present value. In this case, changes in assumptions such as updated cost estimates, revised timelines, or movements in the discount rate resulted in a \$271,000 increase in the required provision. While this does not represent an immediate cash outflow, it ensures that the financial statements accurately reflect Council's long-term environmental responsibilities

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

2.1.2 Capital works

	Budget 2025 \$ '000	Actual 2025 \$ '000	Variance \$ '000	Variance %	Ref
Property					
Land	401	104	(297)	(74.06)%	1
Total land	401	104	(297)	(74.06)%	
Buildings	10,416	7,615	(2,801)	(26.89)%	2
Heritage buildings	–	19	19	∞	
Total buildings	10,416	7,634	(2,782)	(26.71)%	
Total property	10,817	7,738	(3,079)	(28.46)%	
Plant and equipment					
Plant, machinery and equipment	6,597	4,763	(1,834)	(27.80)%	3
Fixtures, fittings and furniture	30	551	521	1,736.67%	4
Computers and telecommunications	6,622	938	(5,684)	(85.84)%	5
Library books	209	207	(2)	(0.96)%	
Total plant and equipment	13,458	6,459	(6,999)	(52.01)%	
Infrastructure					
Roads	12,192	11,872	(320)	(2.62)%	
Bridges	610	1,528	918	150.49%	6
Footpaths and cycleways	1,290	1,326	36	2.79%	
Drainage	4,544	2,506	(2,038)	(44.85)%	7
Recreational, leisure and community facilities	7,112	5,619	(1,493)	(20.99)%	8
Waste management	2,859	161	(2,698)	(94.37)%	9
Parks, open space and streetscapes	24,161	4,000	(20,161)	(83.44)%	10
Aerodromes	13,553	53	(13,500)	(99.61)%	11
Off street car parks	175	1,147	972	555.43%	12
Other infrastructure	612	1,416	804	131.37%	13
Total infrastructure	67,108	29,628	(37,480)	(55.85)%	
Total capital works expenditure	91,383	43,825	(47,558)	(52.04)%	
Represented by:					
New asset expenditure	16,323	9,652	(6,671)	(40.87)%	14
Asset renewal expenditure	58,899	32,663	(26,236)	(44.54)%	15
Asset upgrade expenditure	16,161	1,510	(14,651)	(90.66)%	16
Total capital works expenditure	91,383	43,825	(47,558)	(52.04)%	

continued on next page ...

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Notes to the Financial Report
for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance		Explanation
Ref	Item	
1.	Land	Land Acquisitions was under budget by \$297,000 as a result of the timing for purchase of Tambo bluff land reserves. These acquisitions are still expected to occur and have been carried forward for completion in the 2025/26 financial year. It's common for land purchases to be delayed due to factors such as extended negotiations, changes in project scope, or dependencies on planning and legal processes. As a result, while the expenditure has not occurred this year, the funding remains allocated for completion of these projects in the following year.
2.	Buildings	Buildings expenditure was \$2.801 million below budget in 2024/25. This variance is primarily due to the timing of several major projects, now scheduled for completion in the 2025/26 financial year, with a combined value of \$3.386 million. Key deferred projects include: • Bairnsdale Airport Terminal (Air Ambulance Facility) – \$1.015 million. • Community Resilience and Development Program – Phase 2 – \$569,000. • Mallacoota Foreshore Holiday Park Fire Safety Upgrades – \$416,000. Delays in one year shifts project delivery and associated expenditure into the following financial year, even when funding is secured. Additionally, \$1.439 million of expenditure initially budgeted under Waste has been reclassified to the Buildings category at year-end. This accounting adjustment reflects the correct asset classification and does not impact total capital expenditure, but it does contribute to the variance in the Buildings budget.

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

3.	Plant, machinery and equipment	Council invested \$4.763 million in the purchase of plant and vehicles as part of its scheduled replacement program. However, \$2.207 million of the planned renewal program was carried forward to the next financial year. This deferral was due to updated condition assessments, which determined that some assets were still in good working order and did not yet require replacement.
4.	Fixtures, fittings and furniture	Fixtures, Fittings and Furniture expenditure was \$521,000 over budget. This variance arose because many projects were initially budgeted at a total project level without detailed asset-type breakdowns. During the year-end process, actual costs were reviewed and allocated to their appropriate asset classes based on the nature of the items. As a result, some costs originally budgeted under other categories were correctly reclassified as Fixtures, Fittings and Furniture. This reallocation reflects the true composition of assets delivered and ensures accurate financial reporting in line with accounting standards
5.	Computers and telecommunications	Spending on computers and telecommunications was \$5.584 million below budget. This variance is primarily due to the deferral of key projects, totaling \$4.460 million, which are now scheduled for completion in the 2025/26 financial year. These include the Renewal and Upgrade of Corporate Systems (\$1.515 million) and the Digital Services Project (\$3.543 million). In addition, approximately \$526,000 in costs—mainly related to cloud-based software and similar services—were reclassified from capital expenditure to operating expenses in line with current accounting standards.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

6.	Bridges	The \$0.918 million greater than budget variance is due to the reclassification of two projects that were initially allocated to the Parks, Open Space and Streetscapes, and Footpaths categories, but have since been correctly reclassified under Bridges. These projects include Krautungalung Walk Stage 1 (\$668,000), originally classified under Parks, Open Space and Streetscapes, and Bemm River Footpath Connections (\$248,000), originally classified under Footpaths. Although these projects were initially budgeted under Parks, Open Space and Streetscapes categories, their final classification under Bridges better reflects the structural nature and engineering characteristics of the works delivered.
7.	Drainage	Expenditure on drainage projects was \$2.038 million below budget due to delays in the delivery of several key projects, which are now scheduled for completion in the 2025/26 financial year. The deferred projects include: • Stirling / David Road, Metung – Drainage Upgrade: \$399,000 • LENGA Drainage: \$580,000 • Marlo Town – Drainage Upgrade: \$468,000 • Admirals Quay, Paynesville – Drainage Works: \$515,000 • Other minor projects: \$76,000 These delays have contributed to the overall underspend in the drainage category for the current financial year.

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

8.	Recreational, leisure and community facilities	The variance for Recreational, Leisure and Community Facilities was \$1.493 million under budget. This is primarily due to some major projects, totalling \$5.380 million, being delayed and now scheduled for completion in the 2025/26 financial year. The most significant of these projects include: • WORLD Sporting Precinct Stage 1 – \$3.632 million • Nowa Nowa Boat Jetty – \$478,000 • Seawall Renewal Program – \$324,000 • Bastion Point Geotextile Groin Wall – \$385,000 Additionally, the Slip Road Maritime Precinct project, originally budgeted under Parks, Open Space and Streetscapes, was reclassified to Recreational, Leisure and Community Facilities at year-end. This reclassification amounted to \$3.813 million. Other minor reclassifications totalled \$74,000.
9.	Waste management	Expenditure in Waste Management was \$2.698 million below budget. This variance is primarily due to project delays and reclassifications. Several key projects, totaling \$1.609 million, have been deferred to the 2025/26 financial year, including: • Cann River Waste Transfer Station – \$901,000 • Bairnsdale Recycling Centre – \$461,000 In addition, \$1.439 million worth of projects initially classified under Waste in the budget were reclassified as Buildings by the end of the financial year. This amount includes \$533,000 for waste projects carried forward from 2023/24 to 2024/25.

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

10	Parks, open space and streetscapes	Expenditure in Parks, Open Space and Streetscapes was \$20.161 million below budget, largely due to project delays and reclassifications. Several key projects, totaling \$9.339 million, have been deferred to the 2025/26 financial year, including: • The Slip Road Maritime Precinct – \$4.75 million • Livingstone Park, Omeo Stage 1 & 2 – \$1 million • Omeo Mountain Bike Trails Stage 2 – \$663,000 Additionally, some projects were reclassified as Roads projects at the end of the financial year, including: • Mallacoota Streetscape – \$2.880 million • Buchan Streetscape – \$442,000 Furthermore, the Slip Road Maritime Precinct project, initially classified under Parks, Open Space and Streetscapes, was transferred to Recreational, Leisure and Community Facilities at year-end, amounting to \$3.813 million
11.	Aerodromes	The Bairnsdale Runway Extension & Lighting Upgrade project has been delayed due to environmental considerations relating to native vegetation. This has resulted in a variation of \$11.092 million. The project has been re-budgeted for delivery in the 2025/26 financial year, with new grant applications underway. The Apron and Taxiway Project is also being carried forward to 2025/26, with an allocated budget of \$2 million.
12.	Off street car parks	Parking - Marine Parade Lakes Entrance project was transferred to off street car park asset category at the end of the year with a value of \$ 1.029 million which resulted in increase of actual from budget.
13.	Other infrastructure	Expenditure in Other Infrastructure was \$0.804 million greater than budget. This variance includes the reclassification of several projects at the end of the financial year, such as Omeo Mountain Bike Trails – Stage 1, totaling \$611,000, and the Bruthen Streetscape project, amounting to \$190,000.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

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- | | |
|-------------------------------|--|
| 14. New Asset Expenditure | Asset renewal expenditure was \$26.236 million below budget. This variance is primarily due to the deferral of several major projects to the 2025/26 financial year and lower-than-expected expenditure on some current year projects. Key contributors to the underspend include: Omeo Mountain Bike Trails Stage 2 – \$663,000 under budget Krautungalung Walk Stages 1 & 2 – \$486,000 under budget Footpath projects – \$518,000 under budget WORLD Sporting Precinct Stage 1 – \$5.620 million under budget While a few projects exceeded their budgets, the variances were minor and not considered significant in the context of overall asset renewal expenditure. |
| 15. Asset renewal expenditure | There were a number of projects that will now be completed in the 2025/26 year where the renewal expenditure was less than the budget. The most significant of these are Bairnsdale Airport Terminal (Air Ambulance Facility) underbudget by \$1.015 million, Plant Replacement underbudget by \$1.515 million, IT projects underbudget by \$4.467 million, roads and drainage projects under budgeted by \$3.626 million, Waste projects under budgeted by \$1.387 million Aerodrome projects under budgeted by \$2.779 million and Parks, Open Space and Streetscapes projects also under budgeted by \$4.340 million. |
| 16. Asset upgrade expenditure | There are a number of projects where the upgrade expenditure is less than budget. The most significant projects are Digital Services underbudget by \$3.543 million, Slip Road Maritime Precinct underbudget by \$2.375 million, Foreshore Management Plan Implementation - Marlo project underbudget by \$374,000. Also Bairnsdale Aerodrome Runway Extension was re-budgeted to 25/26 and the portion of upgrades was reduced by \$4.620 million |

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 2.2 Analysis of Council results by program

2.2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

Office of the CEO

Activities associated with municipal governance including the Chief Executive Officer, communication engagement and advocacy .

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, 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, recreation facilities, Forge Theatre, 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 and fleet and plant management.

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

	Income / Revenue \$ '000	Expenses \$ '000	Surplus / (Deficit) \$ '000	Grants included in income / revenue \$ '000	Total assets \$ '000
2025					
Office of the CEO	1,852	1,852	–	–	–
Business Excellence	53,098	27,691	25,407	22,314	150,766
Place and Community	28,195	28,195	–	1,545	78,850
Assets and Environment	88,539	88,539	–	33,283	1,300,420
	171,684	146,277	25,407	57,142	1,530,036
2024					
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

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 3. Funding for the delivery of our services

	2025	2024
	\$ '000	\$ '000

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 2024/25 was \$15,033 million (2023/24 \$14,803 million). Commercial/Industrial rates for 2024/25 was \$1,617 million (2023/24 \$1,544 million) and Farm rates was for 2024/25 \$2,982 million (2023/24 \$2,848 million). The 2024/25 rate in the CIV dollar for General rates was 0.00265466 (2023/24 0.00256872), Commercial/Industrial rates was 0.00358379 (2023/24 0.00359621) and Farm rates was 0.00199100 (2023/24 0.00205498).

General rates	51,642	49,429
Municipal charge	8,186	7,830
Waste management charge	11,664	11,197
Supplementary rates and rate adjustments	639	903
Interest on rates and charges	488	429
Revenue in lieu of rates	101	97
Total rates and charges	72,720	69,885

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2024 and the valuation was first applied in the rating year commencing 1 July 2024.

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

Infringements and costs	309	219
Application Registration Fees	333	370
Animal Registrations	428	431
Town planning fees	773	1,247
Land information certificates	112	112
Permits	69	60
Other	374	485
Total statutory fees and fines	2,398	2,924

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.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 3. Funding for the delivery of our services (continued)

	2025 \$ '000	2024 \$ '000
3.3 User fees		
Aged and health services	—	25
Leisure centre and recreation	3,361	3,030
Raymond Island Ferry	382	325
Arts and Culture	213	201
Caravan Parks	2,724	3,109
Saleyards	1,245	1,114
Marinas	1,200	1,223
Child care/children's programs	72	53
Tourism	79	63
Building services	27	39
Waste management services	5,019	4,642
Other fees and charges	417	289
Total user fees	14,739	14,113
User fees by timing of revenue recognition		
User fees recognised over time	2,516	2,751
User fees recognised at a point in time	12,223	11,362
Total user fees	14,739	14,113

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.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 3. Funding for the delivery of our services (continued)

	2025	2024
	\$ '000	\$ '000

3.4 Funding from other levels of government

Grants were received in respect of the following:

Summary of grants

Commonwealth funded grants	45,608	18,105
State funded grants	11,534	9,080
Total grants received	57,142	27,185

(a) Operating Grants**Recurrent - Commonwealth Government**

Financial Assistance Grants	31,064	878
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Recurrent - State Government

Arts and Culture	60	60
Asset Maintenance	226	248
Community Development	23	45
Community Laws	125	122
Emergency Management	120	122
Environmental Management	104	94
Libraries	383	379
Parks and Gardens	—	2
Public Health	34	43
Total recurrent operating grants	32,139	1,993

Non-recurrent - Commonwealth Government

Community Development	(44)	285
Economic Development	—	395
Environmental Management	—	(64)
Emergency Management	56	600
Recreational, Leisure and Community Facilities	360	456

Non-recurrent - State Government

Community Development	186	110
Community Laws	9	—
Arts and Culture	(6)	—
Economic Development	225	105
Bushfire Recovery	330	—
Emergency Management	385	575
Waste Management	55	43
Roads	10	(127)
Strategic planning	128	20
Human resource	2	10
Recreational, Leisure and Community Facilities	1,542	648

Non-recurrent - Other

Other - Environmental Management	2	26
Other - Community Development	—	2
Other - Economic Development	9	—
Other - Strategic planning	22	—

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 3. Funding for the delivery of our services (continued)

	2025 \$ '000	2024 \$ '000
Other - Libraries	14	3
Total non-recurrent operating grants	3,285	3,087
Total operating grants	35,424	5,080
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	2,950	2,622
Recurrent - State Government		
Recreational, Leisure and Community Facilities	9	9
Total recurrent capital grants	2,959	2,631
Non-recurrent - Commonwealth Government		
Buildings	318	912
Bridges	—	1,506
Aerodrome	962	—
Footpaths and cycleways	1,177	1,467
Parks, Open Space and Streetscapes	2,394	—
Recreational, Leisure and Community Facilities	2,584	3,410
Roads	4,044	3,942
Other Infrastructure	(257)	1,696
Non-recurrent - State Government		
Buildings	990	84
Other	189	—
Parks, Open Space and Streetscapes	2,234	—
Plant and Equipment	21	45
Recreational, Leisure and Community Facilities	3,766	3,979
Waste Management	—	239
Environmental sustainability	150	45
Emergency Management	—	(113)
Roads	—	2,130
Non-recurrent - Other		
Other - Plant and Equipment	—	27
Other - Environmental sustainability	187	105
Total non-recurrent capital grants	18,759	19,474
Total capital grants	21,718	22,105

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 3. Funding for the delivery of our services (continued)

	2025 \$ '000	2024 \$ '000
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(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 for Not-for-Profit Entities*.

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

Income recognised under AASB 1058 Income of Not-for-Profit Entities

General purpose	31,791	1,654
Specific purpose grants to acquire non-financial assets	22,345	22,926
Other specific purpose grants	1,480	1,200

Revenue recognised under AASB 15 Revenue from Contracts with Customers

Specific purpose grants	1,526	1,405
	57,142	27,185

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

Balance at start of year	1,393	3,019
Received during the financial year and remained unspent at balance date	2,727	74
Received in prior years and spent during the financial year	(1,393)	(1,700)
Balance at year end	2,727	1,393

Capital

Balance at start of year	14,014	15,775
Received during the financial year and remained unspent at balance date	1,578	4,007
Received in prior years and spent during the financial year	(11,415)	(5,768)
Balance at year end	4,177	14,014

Unspent grants are determined and disclosed on a cash basis.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 3. Funding for the delivery of our services (continued)

	2025	2024
	\$ '000	\$ '000

3.5 Contributions

Monetary	399	1,033
Non-monetary	11,708	27,645
Total contributions	12,107	28,678

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

Land	4,162	6,002
Investment Property - Buildings	—	283
Roads	3,248	10,487
Drainage	2,973	7,090
Other infrastructure	113	128
Other	205	—
Footpath	1,007	3,655
Total non-monetary contributions	11,708	27,645

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

	2025	2024
	\$ '000	\$ '000

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

Proceeds of sale	1,949	1,341
Written down value of assets disposed	(1,620)	(1,333)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	329	8

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

3.7 Other income

Interest	5,568	6,334
Investment property rental	1,239	1,014
Reimbursements - Other	1,487	1,826
Reimbursements - Natural Disasters	3,188	1,577
Other	389	207
Total other income	11,871	10,958

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.

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 4. The cost of delivering services

	2025 \$ '000	2024 \$ '000
4.1 (a) Employee costs		
Wages and salaries	39,509	35,988
WorkCover	1,897	1,364
Superannuation	4,469	3,977
Fringe benefits tax	122	118
Total employee costs	45,997	41,447

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	21	37
	21	37

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,430	1,448
Employer contributions - Australian Super	531	418
Employer contributions - Hostplus	370	296
Employer contributions - Vic Super	196	180
Employer contributions - other funds	1,921	1,598
	4,448	3,940

Employer contributions payable at reporting date	109	63
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Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 4. The cost of delivering services (continued)

	2025 \$ '000	2024 \$ '000
4.1 Materials and services		
Contractors		
- Road maintenance	10,709	9,730
- Vegetation management	534	946
- Ferry maintenance	—	10
- Aerodrome Operations and maintenance	104	98
- Building maintenance	278	135
- Electrical Services	137	445
- Buchan recreation reserve	2,156	170
- Environmental Management	—	32
- Waste collection	4,906	5,048
- Waste Management	1,156	1,004
- Animal pound services	285	254
- Courier services	—	9
- Cleaning	1,123	1,096
- Swifts Creek Recreation Reserve	1,887	125
- Club Terrace Community	—	37
- Sarsfield recreation reserve	—	67
- Parks and gardens	638	1,029
- Consulting	—	571
- Other	220	176
Other materials and services		
Building maintenance	1,102	396
General maintenance	15,362	15,973
Utilities	2,427	2,189
Office administration	2,392	1,517
Information technology	3,589	3,070
Insurance	1,776	1,482
Consultants	4,665	3,490
Contributions	1,880	3,519
Total materials and services	57,326	52,618

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

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 4. The cost of delivering services (continued)

	2025 \$ '000	2024 \$ '000
4.2 Depreciation		
Property		
Heritage buildings	285	285
Buildings - specialised	4,040	3,942
Total depreciation - property	4,325	4,227
Plant and equipment		
Plant machinery and equipment	2,379	2,127
Fixtures fittings and furniture	889	795
Computers and telecomms	683	572
Library books	182	162
Total depreciation - plant and equipment	4,133	3,656
Infrastructure		
Roads	14,596	13,681
Bridges	1,506	1,492
Footways and cycleways	1,357	1,000
Drainage	1,084	1,033
Recreational, leisure and community	1,014	873
Waste management	1,197	1,059
Parks open spaces and streetscapes	808	705
Aerodromes	241	183
Off street car parks	248	274
Other infrastructure	1,195	1,111
Total depreciation - infrastructure	23,246	21,411
Total depreciation	31,704	29,294

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

4.3 Amortisation - Intangible assets

Software	92	155
Landfill Airspace	905	795
Total Amortisation - Intangible assets	997	950

4.4 Depreciation - Right of use assets

Property	70	74
Plant and Equipment	10	15
Total Depreciation - Right of use assets	80	89

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 4. The cost of delivering services (continued)

	2025 \$ '000	2024 \$ '000
4.5 Allowance for impairment losses		
Parking fine debtors	53	10
Animal fine debtors	17	29
Rates debtors	33	30
Other debtors	2	25
Total allowance for impairment losses	105	94
Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	1,249	1,187
New allowances recognised during the year	105	94
Amounts already allowed for and written off as uncollectible	(18)	(32)
Amounts allowed for but recovered during the year	3	—
Balance at end of year	1,339	1,249

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.

4.6 Borrowing costs

Interest - Borrowings	355	314
Total borrowing costs	355	314

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.

4.7 Finance Costs - Leases

Interest - Lease Liabilities	14	16
Total finance costs	14	16

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 4. The cost of delivering services (continued)

	2025 \$ '000	2024 \$ '000
4.8 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	65	64
Auditors' remuneration - Internal Audit	48	44
Councillors' allowances	421	406
Operating lease rentals	281	87
Memberships/Subscriptions	419	420
Bank fees and charges	206	285
Legal fees	596	512
Assets written-off -Buildings	274	113
Assets written-off -Bridges	185	1,415
Assets written-off -Roads	3,372	265
Assets written-off -Open Space	37	322
Assets written-off -Drainage	129	180
Assets written-off -Other infrastructure	64	977
Assets written-off - Inv property	–	117
Assets written-off others	43	52
Assets written-off - Car Park	273	212
Assets written off other	1,896	1,447
Assets written-off Footpath	193	–
Assets written-off Recreation	197	–
Assets written-off software	707	–
Bad debt written off	20	–
Others	1	14
Total other expenses	9,427	6,932

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 5. Investing in and financing our operations

	2025 \$ '000	2024 \$ '000
5.1 Financial assets		
(a) Cash and cash equivalents		
Current		
Cash on hand	11	12
Cash at bank	43,001	28,893
Term deposits	42,993	88,287
Total cash and cash equivalents	86,005	117,192
(b) Other financial assets		
Current		
Term deposits	37,159	—
Total current other financial assets	37,159	—
Non-current		
Shares in Community Banks	10	10
Total other financial assets	37,169	10
Total cash and cash equivalents and other financial assets	123,174	117,202
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 & Other Receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	7,018	6,370
Special rate assessment	607	659
Infringement debtors	1,134	1,037
Allowance for expected credit loss - infringements, rates and schemes	(1,268)	(1,165)
Net GST receivable	1,170	1,552
<i>Non-statutory receivables</i>		
Other debtors	1,827	1,820
Allowance for expected credit loss- other debtors	(71)	(84)
Total current trade and other receivables	10,417	10,189
Non-Current		
<i>Statutory receivables</i>		
Special rate scheme	99	154
Total non-current trade and other receivables	99	154
Total trade and other receivables	10,516	10,343

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

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.

	2025	2024
	\$ '000	\$ '000

(d) Ageing of receivables

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

Current (not yet due)	1,193	1,164
Past due by up to 30 days	35	290
Past due between 31 and 180 days	442	183
Past due between 181 and 365 days	81	87
Past due by more than 1 year	5	12
Total trade and other receivables	1,756	1,736

(e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$71,000 (2024: \$84,000) were impaired. The amount of the allowance raised against these debtors was \$71,000 (2024: \$84,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due by more than 1 year	71	84
Total trade and other receivables	71	84

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

	2025	2024
	\$ '000	\$ '000

5.2 Non-financial assets

(a) Other assets

Accrued income	731	891
Prepayments	2,005	1,356
Other	2	4
Total other assets	2,738	2,251

(b) Intangible assets

Software	41	840
Landfill air space	1,918	2,823
Total intangible assets	1,959	3,663

	Software \$ '000	Landfill \$ '000	Total \$ '000
Gross Carrying Amount			
Balance at 1 July 2024	2,691	8,472	11,163
Additions from internal developments	—	—	—
Other additions	—	—	—
Disposals	(1,575)	—	(1,575)
Balance at 30 June 2025	1,116	8,472	9,588
Accumulated amortisation and impairment			
Balance at 1 July 2024	1,851	5,649	7,500
Amortisation expense	92	905	997
Disposal Amortisation expense	(868)	—	(868)
Balance at 30 June 2025	1,075	6,554	7,629
Net book value at 30 June 2024	840	2,823	3,663
Net book value at 30 June 2025	41	1,918	1,959

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.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

	2025 \$ '000	2024 \$ '000
5.3 Payables, trust funds and deposits and contract and other liabilities		
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	13,063	10,644
Accrued expenses	3,042	2,229
Total current trade and other payables	16,105	12,873
(b) Trust funds and deposits		
Current		
Refundable deposits	2,470	3,157
Fire services levy	427	211
Retention amounts	924	769
Total current trust funds and deposits	3,821	4,137
(c) Contract and other liabilities		
Contract liabilities		
Current		
Grants received in advance - operating	2,727	1,393
Caravan Park and other	174	268
Prepaid Marina Income	126	140
Total current contract liabilities	3,027	1,801
Other liabilities		
Current		
Deferred capital grants	4,177	14,014
Total current other liabilities	4,177	14,014
Total current contract and other liabilities	7,204	15,815
Contract liabilities		
Non-current		
Prepaid Marina Income	265	340
Total non-current contract liabilities	265	340
Total contract and other liabilities	7,469	16,155

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.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

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.

	2025 \$ '000	2024 \$ '000
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5.4 Interest-bearing liabilities

Current

Treasury Corporation of Victoria borrowings - secured	695	663
Total current interest-bearing liabilities	695	663

Non-current

Treasury Corporation of Victoria borrowings - secured	6,851	7,546
Other borrowings - secured	1,650	1,650
Total non-current interest-bearing liabilities	8,501	9,196

Total	9,196	9,859
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Borrowings are secured by mortgages over the general rates of Council.

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

Not later than one year	695	663
Later than one year and not later than five years	4,283	4,139
Later than five years	4,218	5,057
	9,196	9,859

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.

In classifying borrowings as current or non-current Council considers whether at balance date it has the right to defer settlement of the liability for at least twelve months after the reporting period. Council's loan arrangements include covenants based on Council's financial performance and position at the end of the reporting period. These covenants are assessed for compliance after the reporting period based on specified financial ratios.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

	Employee provisions \$ '000	Landfill restoration \$ '000	Other \$ '000	Total \$ '000
5.5 Provisions				
2025				
Balance at the beginning of the financial year	7,853	13,234	186	21,273
Additional provisions	1,353	—	78	1,431
Addition - New Landfill Cell	—	—	—	—
Amounts used	(912)	(255)	(2)	(1,169)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	4	271	—	275
Balance at the end of the financial year	8,298	13,250	262	21,810
Provisions				
Provisions - current	7,249	6,494	—	13,743
Provisions - non-current	1,049	6,756	262	8,067
Total Provisions	8,298	13,250	262	21,810
2024				
Balance at the 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	—	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	21,273
Provisions				
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
			2025	2024
			\$ '000	\$ '000

(a) Employee provisions**Current provisions expected to be wholly settled within 12 months**

Annual leave	2,875	2,678
Long service leave	395	385
Other Leave	120	174
	3,390	3,237

Current provisions expected to be wholly settled after 12 months

Annual leave	306	394
Long service leave	3,553	3,468
	3,859	3,862

Total current employee provisions

7,249	7,099
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2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

	2025 \$ '000	2024 \$ '000
Non-Current		
Long service leave	1,049	754
Total Non-Current Employee Provisions	1,049	754
Aggregate Carrying Amount of Employee Provisions:		
Current	7,249	7,099
Non-current	1,049	754
Total Aggregate Carrying Amount of Employee Provisions	8,298	7,853

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	4.20%	4.35%
- index rate	2.25%	2.00%

(b) Landfill restoration

Current	6,494	6,480
Non-current	6,756	6,754
Total	13,250	13,234

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.

Key assumptions:

- discount rate	4.20%	4.35%
- index rate	4.00%	4.00%

(c) Native vegetation offset provision

Non-current	262	186
	262	186

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2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

	2025	2024
	\$ '000	\$ '000
5.6 Financing arrangements		
The Council has the following funding arrangements in place as at 30 June 2025.		
Bank overdraft	1,500	1,500
Credit card facilities	300	300
Treasury Corporation of Victoria facilities	7,546	8,209
Other facilities	1,650	1,650
Total Facilities	10,996	11,659
Used facilities	9,263	9,917
Unused facilities	1,733	1,742

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

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

	Not later than 1 year \$ '000	Later than 1 year and not later than 2 years \$ '000	Later than 2 years and not later than 5 years \$ '000	Later than 5 years \$ '000	Total \$ '000
2025					
Operating					
Recreation	3,510	—	—	—	3,510
Cleaning	1,063	691	749	—	2,503
Ferry Operations/Maintenance	570	193	92	—	855
Road Infrastructure Maintenance	701	701	58	—	1,460
Waste Management	5,034	3,180	1	—	8,215
Other Service Contracts	276	52	—	—	328
Total	11,154	4,817	900	—	16,871
Capital					
Buildings	—	—	—	—	—
Roads	—	—	—	—	—
Recreation	5,228	—	—	—	5,228
Waste	666	—	—	—	666
Parks and Open Space	4,821	—	—	—	4,821
Drainage	837	—	—	—	837
Other	1,205	—	—	—	1,205
Total	12,757	—	—	—	12,757
2024					
Operating					
Recreation	—	—	—	—	—
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
Parks and Open Space	—	—	—	—	—
Drainage	—	—	—	—	—
Other	15,317	—	—	—	15,317
Total	27,387	—	—	—	27,387

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

	2025	2024
	\$ '000	\$ '000

(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:

Not later than one year	1,151	1,083
Later than one year and not later than five years	2,896	2,802
Later than five years	2,011	2,416
	<u>6,058</u>	<u>6,301</u>

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.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

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

Right-of-Use Assets

	Property \$ '000	Equipment \$ '000	Total \$ '000
Balance at 1 July 2024	558	35	593
Disposal	(23)	(25)	(48)
Depreciation charge	(70)	(10)	(80)
Balance at 30 June 2025	465	—	465

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 5. Investing in and financing our operations (continued)

	2025 \$ '000	2024 \$ '000
Lease Liabilities		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	37	76
One to five years	140	181
More than five years	498	553
Total undiscounted lease liabilities as at 30 June:	675	810
Lease liabilities included in the Balance Sheet at 30 June:		
Current	24	79
Non-current	547	600
Total lease liabilities	571	679

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 existing 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.

Expenses relating to:

Short-term leases	219	54
Leases of low value assets	55	32
Total	274	86

Variable lease payments (not included in measurement of lease liabilities)

Variable lease payments	73	84
Total	73	84

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	54	66
Later than one year but not later than five years	67	155
Later than five years	34	142
Total lease commitments	155	363

East Gippsland Shire Council

Notes to the Financial Report

for the year ended 30 June 2025

Note 6. Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment	Carrying amount 30 June 2024 \$ '000	Additions \$ '000	Contributions \$ '000	Revaluation \$ '000	Disposal \$ '000	Depreciation \$ '000	Write-off \$ '000	Transfers \$ '000	Carrying amount 30 June 2025 \$ '000
Property	314,132	–	4,252	–	(1,110)	(4,325)	–	16,432	329,381
Plant and equipment	16,307	–	35	–	(828)	(4,133)	–	10,417	21,798
Infrastructure	959,226	–	7,421	–	(4,449)	(23,246)	–	44,767	983,719
Work in progress	72,477	43,825	–	–	–	–	(1,896)	(73,487)	40,919
Total	1,362,142	43,825	11,708	–	(6,387)	(31,704)	(1,896)	(1,871)	1,375,817

Summary of Work in Progress	Opening WIP \$ '000	Additions \$ '000	Write-off \$ '000	Transfers \$ '000	Closing WIP \$ '000
Property	34,202	7,739	(616)	(34,168)	7,157
Plant and equipment	2,327	6,458	(321)	(8,058)	406
Infrastructure	35,948	29,628	(959)	(31,261)	33,356
Total	72,477	43,825	(1,896)	(73,487)	40,919

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2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

	Land specialised \$ '000	Land non specialised \$ '000	Total land and land improve- ments \$ '000	Heritage buildings \$ '000	Buildings specialised \$ '000	Total buildings \$ '000	Work in progress \$ '000	Total property \$ '000
(a) Property								
At fair value 1 July 2024	192,431	4,770	197,201	20,281	207,422	227,703	34,202	459,106
Accumulated depreciation at 1 July 2024	—	—	—	(11,091)	(99,681)	(110,772)	—	(110,772)
	192,431	4,770	197,201	9,190	107,741	116,931	34,202	348,334
Movements in fair value								
Additions	—	—	—	—	—	—	7,739	7,739
Contributions	4,162	—	4,162	—	90	90	—	4,252
Disposal	(836)	—	(836)	—	(1,510)	(1,510)	—	(2,346)
Write-off	—	—	—	—	—	—	(616)	(616)
Transfers	(109)	—	(109)	18	15,140	15,158	(34,168)	(19,119)
	3,217	—	3,217	18	13,720	13,738	(27,045)	(10,090)
Movements in accumulated depreciation								
Depreciation and amortisation	—	—	—	(285)	(4,040)	(4,325)	—	(4,325)
Accumulated depreciation of disposals	—	—	—	—	1,236	1,236	—	1,236
Transfers	—	—	—	—	1,383	1,383	—	1,383
	—	—	—	(285)	(1,421)	(1,706)	—	(1,706)
At fair value 30 June 2025	195,648	4,770	200,418	20,299	221,142	241,441	7,157	449,016
Accumulated depreciation at 30 June 2025	—	—	—	(11,376)	(101,102)	(112,478)	—	(112,478)
Carrying amount	195,648	4,770	200,418	8,923	120,040	128,963	7,157	336,538

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2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

	Plant machinery and equipment \$ '000	Fixtures fittings and furniture \$ '000	Computers and telecomms \$ '000	Library books \$ '000	Work in progress \$ '000	Total plant and equipment \$ '000
(b) Plant and Equipment						
At fair value 1 July 2024	25,443	11,491	3,474	5,730	2,327	48,465
Accumulated depreciation at 1 July 2024	(14,746)	(8,972)	(1,504)	(4,609)	–	(29,831)
	10,697	2,519	1,970	1,121	2,327	18,634
Movements in fair value						
Additions	–	–	–	–	6,458	6,458
Contributions	28	7	–	–	–	35
Disposal	(2,793)	(204)	–	–	–	(2,997)
Write-off	–	–	–	–	(321)	(321)
Transfers	6,147	2,697	1,366	207	(8,058)	2,359
	3,382	2,500	1,366	207	(1,921)	5,534
Movements in accumulated depreciation						
Depreciation and amortisation	(2,379)	(889)	(683)	(182)	–	(4,133)
Accumulated depreciation of disposals	2,003	166	–	–	–	2,169
	(376)	(723)	(683)	(182)	–	(1,964)
At fair value 30 June 2025	28,826	13,991	4,840	5,938	406	54,001
Accumulated depreciation at 30 June 2025	(15,123)	(9,695)	(2,187)	(4,792)	–	(31,797)
Carrying amount	13,703	4,296	2,653	1,146	406	22,204

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2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

	Roads \$ '000	Bridges \$ '000	Footpaths and cycleways \$ '000	Drainage \$ '000	Recrea- tional, leisure and community \$ '000	Waste management \$ '000	Parks open spaces and streets- capes \$ '000	Aerodromes \$ '000	Off street car parks \$ '000	Other infra- structure \$ '000	Work in progress \$ '000	Total infra- structure \$ '000
(c) Infrastructure												
At fair value 1 July 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 1 July 2024	(215,691)	(25,854)	(22,314)	(44,754)	(15,684)	(6,119)	(21,947)	(2,458)	(3,274)	(16,727)	–	(374,822)
	646,792	99,589	47,852	66,914	23,158	7,856	25,053	10,311	10,380	21,321	35,948	995,174
Movements in fair value												
Additions	–	–	–	–	–	–	–	–	–	–	29,628	29,628
Contributions	3,248	51	1,007	2,973	29	–	–	–	–	113	–	7,421
Disposal	(5,158)	(256)	(337)	(208)	(248)	–	(51)	–	(297)	(134)	–	(6,689)
Write-off	–	–	–	–	–	–	–	–	–	–	(959)	(959)
Transfers	13,846	4,086	5,574	4,695	5,874	72	180	9	1,894	8,536	(31,261)	13,505
	11,936	3,881	6,244	7,460	5,655	72	129	9	1,597	8,515	(2,592)	42,906
Movements in accumulated depreciation												
Depreciation and amortisation	(14,596)	(1,506)	(1,357)	(1,084)	(1,014)	(1,197)	(808)	(241)	(248)	(1,195)	–	(23,246)
Accumulated depreciation of disposals	1,787	70	143	80	52	–	14	–	24	70	–	2,240
Transfers	(15)	–	(4)	(3)	–	–	–	–	23	–	–	1
	(12,824)	(1,436)	(1,218)	(1,007)	(962)	(1,197)	(794)	(241)	(201)	(1,125)	–	(21,005)
At fair value 30 June 2025	874,419	129,324	76,410	119,128	44,497	14,047	47,129	12,777	15,250	46,563	33,356	1,412,900
Accumulated depreciation at 30 June 2025	(228,515)	(27,290)	(23,532)	(45,761)	(16,646)	(7,316)	(22,741)	(2,698)	(3,474)	(17,852)	–	(395,825)
Carrying amount	645,904	102,034	52,878	73,367	27,851	6,731	24,388	10,079	11,776	28,711	33,356	1,017,075

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2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

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 \$ '000
Asset recognition thresholds and depreciation periods		
Land and 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	2-50 years	1
fixtures, fittings and furniture	5-50 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	15-65 years	5
drainage	70 -100 years	5
recreational, leisure and community facilities	10-60 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 after 30 June 2008.

Depreciation and amortisation

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

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

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2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

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

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

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

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 Practising 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 2025 are as follows:

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Specialised land	–	–	195,648	Jun/23	Independent
Non - Specialised land	–	4,770	–	Jun/23	Independent
Heritage buildings	–	–	8,923	Jun/23	Independent
Buildings	–	–	120,040	Jun/23	Independent
Total	–	4,770	324,611		

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 2025 are as follows:

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2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Roads	—	—	645,904	Dec/23	Independent
Bridges	—	—	102,034	Dec/23	Independent
Footpaths and cycleways	—	—	52,878	Dec/23	Independent
Drainage	—	—	73,367	Dec/23	Independent
Recreational, leisure & community facilities	—	—	27,851	Dec/23	Independent
Waste management	—	—	6,731	Dec/23	Independent
Parks, open space & streetscapes	—	—	24,388	Dec/23	Independent
Aerodromes	—	—	10,079	Dec/23	Independent
Off street car parks	—	—	11,776	Dec /23	Independent
Other Infrastructure	—	—	28,711	Dec/23	Independent
Total	—	—	983,719		

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.

	2025 \$ '000	2024 \$ '000
Reconciliation of specialised land		
Land under roads	2,642	1,988
Parks and reserves	68,864	69,230
Recreation and Leisure	59,443	57,330
Residential Land	825	706
Commercial Land	362	362
Aerodrome Land	15,802	15,802
Community Services Land	9,766	10,101
Business Centre/Library Land	4,669	4,669
Caravan Park Land	2,616	2,979
Carpark Land	4,642	4,642
Depot Land	832	832
Quarry Reserve Land	356	356
Drainage Reserve Land	16,053	14,658
Saleyard and Pound Facility Land	1,941	1,941
Waste Management Land	6,368	6,368
Road Reserves	467	467
Total specialised land	195,648	192,431

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 6. Assets we manage

6.2 Investment property

	2025 \$ '000	2024 \$ '000
Balance at beginning of financial year	10,787	7,455
Contributions	–	283
Additions	424	322
Transfer	1,442	2,600
Disposals	–	(117)
Fair value adjustments	377	244
Balance at end of financial year	13,030	10,787

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 Practising 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 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.

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

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:

Councillors

Councillor John White (1/7/24 to 26/10/24)
Councillor John White (Mayor 26/10/24 to 30/6/25)
Councillor Sonya Buckley (1/7/24 to 26/10/24)
Councillor Sonya Buckley (Deputy Mayor 26/10/24 to 30/6/25)
Councillor Arthur Allen
Councillor Jodie Ashworth (26/10/24 to 30/6/25)
Councillor Tom Crook (Mayor 1/7/24 to 26/10/24)
Councillor Tom Crook (26/10/24 to 30/6/25)
Councillor Barry Davis (26/10/24 to 30/6/25)
Councillor Joanne Eastman (26/10/24 to 30/6/25)
Councillor Bernie Farquhar (26/10/24 to 30/6/25)
Councillor Ian Trevaskis (26/10/24 to 30/6/25)
Councillor Mendy Urie (1/7/24 to 26/10/24)
Councillor Jane Greacen (Deputy Mayor 1/7/24 to 26/10/24)
Councillor Trevor Stow (1/7/24 to 26/10/24)
Councillor Kirsten Van Diggele (1/7/24 to 26/10/24)
Councillor Mark Reeves (1/7/24 to 26/10/24)
Fiona Weigall, Chief Executive Officer
Sarah Johnston, General Manager Business Excellence
Stuart McConnell, General Manager Assets and Environment
Alba Eling, Acting General Manager Place and Community (1/7/24 to 9/8/24)
Christopher Stephenson, General Manager Place and Community (12/8/24 to 30/6/25)
Paul Rooney, Acting General Manager Assets and Environment (3/7/2024 to 22/7/2024)

	2025 No.	2024 No.
Total Number of Councillors	14	9
Total of Chief Executive Officer and other Key Management Personnel	6	8
Total Number of Key Management Personnel	20	17

East Gippsland Shire Council

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Notes to the Financial Report

for the year ended 30 June 2025

Note 7. People and relationships (continued)

(b) 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.

	2025 \$ '000	2024 \$ '000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,300	1,336
Other long-term employee benefits	24	18
Post-employment benefits	103	97
Total	1,427	1,451

	2025 No.	2024 No.
--	-------------	-------------

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

\$0 - \$9,999	—	1
\$10,000 - \$19,999	6	1
\$20,000 - \$29,999	6	—
\$30,000 - \$39,999	1	6
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	1
\$70,000 - \$79,999	1	2
\$90,000 - \$99,999	—	1
\$150,000 - \$159,999	—	1
\$190,000 - \$199,999	—	1
\$210,000 - \$219,999	1	—
\$230,000 - \$239,999	1	—
\$240,000 - \$249,999	1	—
\$250,000 - \$259,999	—	1
\$280,000 - \$289,999	1	1
	20	17

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2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 7. People and relationships (continued)

(c) 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.

	2025 \$ '000	2024 \$ '000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	172	166
Other long-term employee benefits	—	4
Post-employment benefits	20	19
Termination benefits	—	—
Total	192	189

	2025 No.	2024 No.
The number of other senior staff are shown below in their relevant income bands:		
Income Range:		
\$180,000 - \$189,999	—	1
\$190,000 - \$199,999	1	—
	1	1

	2025 \$ '000	2024 \$ '000
Total remuneration for the reporting year for other senior staff included above, amounted to:	192	189

East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 7. People and relationships (continued)

7.2 Related party disclosure

(a) Transactions with related parties

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

For the year ended 30 June 2025, Council paid \$196,916 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 Allen	Leftrade Pty Ltd - \$12,078 for goods and service
	Paper Cranes Sushi Pty Ltd - \$11,307 for catering services
Cr White	Melwood Investments Pty Ltd - \$21,884 for contracted slashing
Alba Elling	East Gippsland Marketing Inc \$130,638 for marketing services agreement and other services provided.
Cr Farquhar	Berbard Farquhar Pty Limited \$ 20,915 for plumbing services

(b) Outstanding balances with related parties

The following balances totalling \$312 are outstanding at the end of the reporting period in relation to transactions with related parties on normal commercial terms and conditions.

Cr Allen	Paper Cranes Sushi Pty Ltd - \$312
----------	------------------------------------

(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 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

East Gippsland Shire Council

2024/2025 Financial Report

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for the year ended 30 June 2025

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

Contingent assets are possible assets 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.

(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.

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 8. Managing uncertainties (continued)

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period. Council assesses the impact of these new standards. As at 30 June 2025 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2025 that are expected to impact Council.

In September 2024 the Australian Accounting Standards Board (AASB) issued two Australian Sustainability Reporting Standards (ASRS). This followed Commonwealth legislation establishing Australia's sustainability reporting framework. Relevant entities will be required to undertake mandatory reporting of climate-related disclosures in future financial years. Public sector application issues remain under consideration and Council will continue to monitor developments and potential implications for future financial years.

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 has 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 has a policy for establishing credit limits for the entities Council deals with;

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 8. Managing uncertainties (continued)

-
- Council may require collateral where appropriate; and
 - Council only invests 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 provides 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:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- has readily accessible standby facilities and other funding arrangements in place;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis; and
- sets 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(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 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.

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2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 8. Managing uncertainties (continued)

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.

Council has considered the amendments to AASB 13 Fair Value Measurement that apply for the 2024-25 financial year as a result of AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities. For assets, where the Council adopts a current replacement cost approach to determine fair value, the Council now considers the inclusion of site preparation costs, disruption costs and costs to restore another entity's assets in the underlying valuation.

The AASB 13 amendments apply prospectively, comparative figures have not been restated.

The AASB 13 amendments have not resulted in any material impacts to Council's financial statements.

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.

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Notes to the Financial Report
for the year ended 30 June 2025

Note 8. Managing uncertainties (continued)

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.

East Gippsland Shire Council

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Notes to the Financial Report
for the year ended 30 June 2025

Note 9. Other matters

	Balance at beginning of reporting period \$ '000	Increase (decrease) \$ '000	Balance at end of reporting period \$ '000
9.1 Reserves			
(a) Asset revaluation reserves			
2025			
Property			
Land and land improvements	153,259	—	153,259
Buildings	90,944	—	90,944
	244,203	—	244,203
Infrastructure			
Roads	507,762	—	507,762
Bridges	69,004	—	69,004
Footpaths and cycleways	31,594	—	31,594
Drainage	34,087	—	34,087
Recreational, leisure and community facilities	16,025	—	16,025
Waste management	1,329	—	1,329
Parks, open space and streetscapes	5,967	—	5,967
Aerodromes	3,389	—	3,389
Offstreet car parks	2,238	—	2,238
Other infrastructure	19,313	—	19,313
	690,708	—	690,708
Total asset revaluation reserves	934,911	—	934,911
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

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 9. Other matters (continued)

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

	Balance at beginning of reporting period \$ '000	Transfer from Accumulated Surplus \$ '000	Transfer to Accumulated Surplus \$ '000	Balance at end of reporting period \$ '000
(b) Other reserves				
2025				
Car Parking	193	—	—	193
Development Contribution Plans	196	—	—	196
Lakes Entrance Northern Growth Area	1	—	—	1
Recreational Land	2,074	119	—	2,193
Road Upgrading	126	—	—	126
Street Trees Reserve	—	18	—	18
Total Other reserves	2,590	137	—	2,727
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 restricted reserves	1,835	—	755	2,590
Total Other reserves	1,835	—	755	2,590

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.

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2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 9. Other matters (continued)

	2025 \$ '000	2024 \$ '000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	25,407	22,552
Non-cash adjustments:		
Depreciation/amortisation	32,781	30,333
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(329)	(8)
Fair value adjustments for investment property	(377)	(244)
Contributions - Non-monetary assets	(11,708)	(27,645)
Financing cost in financing activities	369	315
Write off property, plant and equipment	7,370	5,100
Bad debt written off	20	—
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(193)	(1,332)
(Increase)/decrease in prepayments	(649)	(313)
Increase/(decrease) in contract assets	1,315	—
Increase/(decrease) in other assets	162	(19)
Increase/(decrease) in trade and other payables	3,873	692
Increase/(decrease) in provisions	537	3,662
(Decrease)/increase in trust funds and deposits	(316)	382
(Decrease)/increase in contract and other liabilities	(8,686)	(3,461)
Net cash provided by/(used in) operating activities	49,576	30,014

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 2025, this was 11.5% as required under Superannuation Guarantee (SG) legislation (2024: 11.0%)).

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

Funding Arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. As at 30 June 2024, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2024 (of which Council is a contributing employer) was 105.4%. The financial assumptions used to calculate the VBI were:

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 9. Other matters (continued)

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

As at 30 June 2025, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2025.

Vision Super has advised that the VBI at 30 June 2025 was 110.5%. Council was notified of the 30 June 2025 VBI during August 2025 (2024: August 2024). The financial assumptions used to calculate this VBI were:

Net investment returns 5.7% pa
 Salary information 3.5% pa
 Price inflation (CPI) 2.6% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2024 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions**(a) Regular contributions**

On the basis of the results of the 2024 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2025, this rate was 11.5% of members' salaries (11.0% in 2023/24). 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 26 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 2024 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2024 while a full investigation was conducted as at 30 June 2023.

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2024/2025 Financial Report

Notes to the Financial Report

for the year ended 30 June 2025

Note 9. Other matters (continued)

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

	2024 (Interim)	2023 (Triennial)
	\$m	\$m
- A VBI Surplus	108.4	85.7
- A total service liability surplus	141.4	123.6
- A discounted accrued benefits surplus	156.7	141.9

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 2024.

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 2024.

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 2024.

The 2025 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2025 as the Fund provides lifetime pensions in the Defined Benefit category.

Vision Super has advised that the VBI at 30 June 2025 was 110.5%. Council was notified of the 30 June 2025 VBI during August 2025 (2024: August 2024). The financial assumptions used to calculate this VBI were:

Net investment returns 5.7% pa
Salary information 3.5% pa
Price inflation (CPI) 2.6% pa

It is anticipated that this actuarial investigation will be completed by 31 October 2025.

The 2023 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 these investigations were:

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

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2025 are detailed below:

Scheme	Type of scheme	Rate	2025 \$ '000	2024 \$ '000
Vision Super	Defined benefits	11.5% (2024:11.0%)	21	37
Vision Super	Accumulation	11.5% (2024:11.0%)	1,430	1,448
Various other funds	Accumulation	11.5% (2024:11.0%)	3,018	2,492

There were \$109,438 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2025.

continued on next page ...

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East Gippsland Shire Council

2024/2025 Financial Report

Notes to the Financial Report
for the year ended 30 June 2025

Note 9. Other matters (continued)

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2026 is \$22,593.

Note 10. Changes in accounting policies

There have been no changes to accounting policies in the 2024-25 year.

East Gippsland Shire Council

Performance Statement

For the year ended 30 June 2025

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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*.

Ernest Mhande, 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 2025 presents fairly the results of council's performance in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

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

We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify this performance statement in its final form.

Councillor
Dated: (Date)

Councillor
Dated: (Date)

Fiona Weigall
Chief Executive Officer
Dated: (Date)

Victorian Auditor-General's Office audit report

Section 1. Description of municipality

East Gippsland is a large and vibrant region in a beautiful natural setting, home to proud and involved communities that embrace and encourage self-reliance, responsibility and new ideas. The past 30 years have seen East Gippsland evolve from its rural origins to a flourishing economic and tourism region in Eastern Victoria, drawing more than one million visitors each year.

The region has kept its identity and sense of place as it has grown. The shire stretches from west of Bairnsdale to the New South Wales border, covering approximately 21,000 square kilometres or 10 percent 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 2025

	Results					Comments
	2022	2023	2024	2025		
	Actual	Actual	Actual	Target as per budget	Actual	
Aquatic facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6.07	9.23	9.93	N/A	10.64	Recreation centre utilisation continued to grow over the reporting period, with record patronage levels recorded. Utilisation data includes the Bairnsdale Aquatic Recreation centre, Bairnsdale outdoor pool, Lakes Entrance Aquadome and Orbost outdoor pool.
Animal management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	100.00%	100.00%	100.00%	N/A	0.00%	There were no Court prosecutions for the year. Note that in many cases infringements for animal related offences have been issued. Court prosecutions are restricted to the most serious offences, where the public interest is served by a Court appearance and there are witnesses willing to attend Court to give evidence. This year there were several incidents that warrant a court prosecution but the delays in the court system mean that they will appear in the next financial year's results.
Food safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [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	90.00%	A total of 10 critical or major non-compliances, 9 were followed up in 2024 calendar year. The 1 non-compliance that was not followed up related to a low-risk mobile food premises and was identified by another council. The non-compliance was rectified at the time of the inspection. A food safety inspection has since been conducted, and the premises was found to be compliant.

	Results					Comments
	2022	2023	2024	2025		
	Actual	Actual	Actual	Target as per budget	Actual	
Governance Satisfaction <i>Satisfaction with community consultation and engagement</i> (community satisfaction rating out of 100 with the consultation and engagement efforts of Council)	48	45	41	60	46	Satisfaction with community consultation and engagement has increased over the reporting period. Council is continues to review its consultation and engagement practices in an effort to improve the community satisfaction rating.
Libraries Participation <i>Library membership</i> [percentage of the population that are registered library members] x100	NA	NA	12.34%	N/A	26.74%	Active Library membership calculation was previously calculated incorrect, resulting in a lower than expected range for 2023-24. However, we have calculated correctly in 2024-25, which shows that we are now within the expected range of active library members.
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)	94.04%	97.37%	96.03%	100.00%	96.24%	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 <i>Planning applications decided within the relevant required time</i> (percentage of planning application decisions made within the relevant required time)	38.91%	37.12%	36.41%	80.00%	56.07%	There has been a significant improvement in planning applications being decided within required timeframes, this can be attributed to improved processing and internal improvements in the department. Council continues to review and improve internal process to enhance decision times.

	Results					Comments
	2022	2023	2024	2025		
	Actual	Actual	Actual	Target as per budget	Actual	
Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	53.32%	53.06%	49.18%	55.00%	49.30%	The introduction of the Container Deposit Scheme has contributed to a decrease in the weight of kerbside collection waste diverted from landfill. Council continues to work with community to ensure waste is recycled where possible.

Section 3. Financial Performance Indicators

For the year ended 30 June 2025

	2022	2023	2024	2025		2026	2027	2028	2029	Material Variations and Comments
Dimension / indicator / measure	Actual	Actual	Actual	Target as per Budget	Actual	Forecast	Forecast	Forecast	Forecast	
Efficiency Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,414.94	\$3,617.96	\$3,990.98	\$3,960.00	\$4,371.01	\$3,987.55	\$3,751.08	\$3,767.17	\$3,847.32	
Revenue level <i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments]	\$1,653.46	\$1,691.66	\$1,764.72	N/A	\$1,806.87	\$1,834.20	\$1,877.27	\$1,916.98	\$1,957.44	
Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	256.80%	307.46%	282.70%	226.00%	333.37%	247.09%	202.71%	200.25%	236.90%	The advance payment in the 2024/25 year of \$10 million of the 2025/26 Federal Assistance grant increased current assets in the previous year and impacted on the movement in this indicator.

Dimension / indicator / measure	2022	2023	2024	2025		2026	2027	2028	2029	Material Variations and Comments
	Actual	Actual	Actual	Target as per Budget	Actual	Forecast	Forecast	Forecast	Forecast	
Unrestricted cash										
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	61.38%	89.62%	137.45%	N/A	86.26%	154.06%	108.83%	102.00%	138.09%	Council invested \$37 million cash more than 90 days so they were not classified as cash. There were zero investments in 23/24 for longer than 90 days.
Obligations										
Loans and borrowings										
<i>Loans and borrowings compared to rates</i> [Interest and principle repayments on Interest bearing loans and borrowings / Rate revenue] x100	2.64%	4.44%	14.11%	N/A	12.65%	11.42%	10.10%	8.83%	10.40%	Council repaid \$663,000 of Infrastructure loans. However, the rates increased as normal rate increase. This caused a decline in this indicator.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.23%	0.27%	0.57%	N/A	1.40%	1.43%	1.35%	1.21%	1.59%	Council repaid \$663,000 of the infrastructure loan. Last year there were loans acquired as the infrastructure was being built.
Indebtedness										
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	9.79%	7.96%	18.17%	N/A	16.97%	16.72%	14.46%	15.50%	15.03%	

Dimension / indicator / measure	2022	2023	2024	2025		2026	2027	2028	2029	Material Variations and Comments
	Actual	Actual	Actual	Target as per Budget	Actual	Forecast	Forecast	Forecast	Forecast	
Asset renewal and upgrade <i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and upgrade expense / Asset depreciation] x100	112.75%	97.34%	126.50%	248.40%	107.79%	188.18%	179.59%	120.23%	92.09%	The actual result is less than the target due to \$36.8m of renewal and upgrade works being carried forward for completion in the 2025/26 year.
Operating position Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	10.33%	13.92%	-23.30%	N/A	-3.64%	-6.18%	0.51%	1.30%	0.13%	The 50% advance payment of the 2025/26 Victoria Grants Commission allocation, \$10.7 million, received in the 2024/25 year increased total revenue for the year. Additionally, the full 2023/24 financial year grant was paid in the previous year. These were the main contributing factors to the reduction in the underlying deficit compared to 2023/24.

Dimension / indicator / measure	2022	2023	2024	2025		2026	2027	2028	2029	Material Variations and Comments
	Actual	Actual	Actual	Target as per Budget	Actual	Forecast	Forecast	Forecast	Forecast	
Stability Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	50.72%	47.77%	65.56%	56.90%	51.52%	58.60%	59.74%	60.27%	60.97%	Operating grants increased in the 2024/25 year due to the advance payment of \$10.7 million from the Victoria Grants Commission allocation for 2025/26. This impacted the underlying revenue for 2024/25.
Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.51%	0.41%	0.36%	N/A	0.37%	0.37%	0.35%	0.33%	0.31%	

Section 4. Sustainable Capacity Indicators

For the year ended 30 June 2025

Indicator / measure [formula]	Results				Comment
	2022	2023	2024	2025	
	Actual	Actual	Actual	Actual	
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,285.97	\$2,417.94	\$2,672.75	\$2,974.36	There was an increase in expenditure as a result 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 due to re valuation.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$23,419.57	\$25,544.50	\$23,687.77	\$23,900.42	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	15.95	16.46	16.34	16.39	
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,791.01	\$1,875.75	\$1,995.40	\$2,082.88	
Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$564.45	\$571.89	\$94.02	\$713.68	Council received 50% Financial Assistance Grant for 25/26 late June 2025.
Disadvantage <i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	3.00	3.00	3.00	3.00	

Indicator / measure [formula]	Results				Comment
	2022	2023	2024	2025	
	Actual	Actual	Actual	Actual	
Workforce turnover <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	20.50%	14.20%	13.10%	13.20%	

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 sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and 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 2025-26 to 2028-29 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 <i>Food Act 1984</i> , 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 <i>Food Act 1984</i>
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 <i>Road Management Act 2004</i>
major non-compliance outcome notification	means a notification received by a council under section 19N(3) or (4) of the <i>Food Act 1984</i> , 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
rate revenue	means revenue from general rates, municipal charges, service rates and service charges

Key term	Definition
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