



20 December 2023

David Connolley
[REDACTED]

Queenscliff VIC 3225

Via email: [REDACTED]

Dear Mr Connolley

PUBLIC QUESTION TAKEN ON NOTICE

I am writing in response to the public question taken on notice at the Ordinary Meeting of Council held on Wednesday 13 December 2023.

The public question reads as follows:

The current CEO report notes implementing a revised corporate structure following completion of a staff consultation process that apparently did not save overall employee costs. There are reported around 70 staff on what the Council terms a 'small team' with the FTE rising to over 46 staff in the past year (near 10% increase).

Given Council is operating with a series of 4 annual deficits based on the LGPF measure over the past 5 years (as per Annual Report data) and potentially unsustainable should the level of losses continue, can the CEO outline what this recent 'staff consultation process involved' and whether he has identified where efficiencies and cost savings can be made in this 'small team' to reverse the operating deficits both in the current and upcoming financial year?

In response to the question, I provide the following advice:

The 2023–2024 budget, includes a Full-Time Equivalent (FTE) staff count of 46.26. Page 45 of the final budget notes that the FTE for 2022–2023 was lower due to temporary staff vacancies. Had there been no vacancies, the FTE forecast for 2022–2023 would have been 45.42. This represents an 0.84 FTE increase for 2023–2024 or about 2%

Council states in its financial reports that the Local Government Performance Framework (LGPRF), based underlying result does not accurately portray the true operating result. The scale of the Council's operations affects the LGPRF based measurement, this is primarily due to impacts of the timing of Council receipt of operating grants (Federal Assistance Grant), accounting adjustments related to asset write-offs and the reclassification of capital expenditure. The impact of these non-recurring items should be evaluated separately when assessing and determining Council's true operating result. Council includes information in the financial reports that presents both the LGPRF measure and the adjusted measure of recurring commitments.

With respect to the observations about operating deficits based on the LGPRF measure, the Council's financial reports indicate that there is no cumulative, increasing debt undermining financial sustainability. Council maintains a healthy cash balance, is debt-free, and rather than utilising funds from its general reserve for day-to-day operations, which would indicate a debt problem, it has been strengthening and increasing its general reserve balance over the last four years. If Council had been recording operating deficits for an extended period, this would not have been possible.

In an effort to enhance efficiency and allocate resources to address staffing shortages in areas of the business, Council has invested in new technologies. The recent structural changes have been enabled by the ICT transformation project and are part of a broader strategy to maintain current service levels to the community in an inflationary environment.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M Gill', with a long, sweeping underline that extends to the right.

Martin Gill
Chief Executive Officer