

# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
2022-2023



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# CERTIFICATION OF THE FINANCIAL STATEMENTS

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



Lauren Easson CPA  
**Principal Accounting Officer**

**Dated:** 23 October 2023  
Portland

In our opinion the accompanying financial statements present fairly the financial transactions of Glenelg Shire Council for the year ended 30 June 2023 and the financial position of the Council as at that date.

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

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



Cr Michael Carr  
**Councillor**

**Dated:** 23 October 2023  
Portland



Cr Karen Stephens  
**Councillor**

**Dated:** 23 October 2023  
Portland



Paul Phelan  
**Chief Executive Officer**

**Dated:** 23 October 2023  
Portland



## To the Councillors of Glenelg Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Glenelg Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2023</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• statement of capital works for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the <i>Local Government Act 2020</i>, the <i>Local Government (Planning and Reporting) Regulations 2020</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

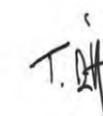
**Auditor's responsibilities for the audit of the financial report** As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE  
26 October 2023



Travis Derricott  
*as delegate for the Auditor-General of Victoria*

# FINANCIAL STATEMENTS

## COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
Income / Revenue			
Rates and charges	3.1	31,559	27,526
Statutory fees and fines	3.2	917	1,015
User fees	3.3	3,312	3,333
Grants - operating	3.4	19,955	18,012
Grants - capital	3.4	7,135	9,244
Contributions - monetary	3.5	196	136
Other income	3.7	1,854	1,021
<b>Total income / revenue</b>		<b>64,928</b>	<b>60,287</b>
Expenses			
Employee costs	4.1	(26,068)	(24,771)
Materials and services	4.2	(19,687)	(18,031)
Depreciation	4.3	(10,954)	(12,605)
Amortisation - right of use assets	4.4	(221)	(198)
Bad and doubtful debts	4.5	(9)	(7)
Borrowing costs	4.6	(2)	(1)
Finance costs - leases	4.7	(18)	(23)
Net loss on disposal of property, infrastructure, plant and equipment	3.6	(1,871)	(2,449)
Other expenses - Landfill provision adjustment	5.5	(1,051)	(1,597)
Other expenses	4.8	(2,324)	(3,273)
<b>Total expenses</b>		<b>(62,205)</b>	<b>(62,955)</b>
<b>Surplus/(deficit) for the year</b>		<b>2,723</b>	<b>(2,668)</b>
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	9.1	11,209	10,081
<b>Total comprehensive result</b>		<b>13,933</b>	<b>7,413</b>

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

## BALANCE SHEET AS AT 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	13,280	16,571
Trade and other receivables	5.1	2,659	2,439
Inventories	5.2	214	192
Prepayments	5.2	543	356
Other assets	5.2	195	37
<b>Total current assets</b>		<b>16,891</b>	<b>19,595</b>
Non-current assets			
Property, infrastructure, plant and equipment	6.1	471,897	460,081
Right of use assets	5.8	393	442
<b>Total non-current assets</b>		<b>472,290</b>	<b>460,523</b>
<b>Total assets</b>		<b>489,181</b>	<b>480,117</b>
Liabilities			
Current liabilities			
Trade and other payables	5.3	2,917	4,166
Trust funds and deposits	5.3	1,169	1,767
Unearned income	5.3	7,444	10,852
Provisions	5.5	5,794	5,518
Interest-bearing liabilities	5.4	396	557
Lease liabilities	5.8	223	194
<b>Total current liabilities</b>		<b>17,943</b>	<b>23,054</b>
Non-current liabilities			
Provisions	5.5	10,706	9,966
Interest-bearing liabilities	5.4	282	711
Lease liabilities	5.8	196	264
<b>Total non-current liabilities</b>		<b>11,184</b>	<b>10,941</b>
<b>Total liabilities</b>		<b>29,127</b>	<b>33,995</b>
<b>Net assets</b>		<b>460,054</b>	<b>446,121</b>
Equity			
Accumulated surplus		127,895	125,171
Reserves	9.1	332,159	320,950
<b>Total Equity</b>		<b>460,054</b>	<b>446,121</b>

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

2023	Note	Total \$'000	Accumulated Surplus/(Deficit) \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		446,122	125,172	320,493	457
Surplus/(deficit) for the year		2,723	2,723	-	-
Net asset revaluation increment	9.1	11,209	-	11,209	-
Balance at end of the financial year		<u>460,054</u>	<u>127,895</u>	<u>331,702</u>	<u>457</u>
2022		Total \$'000	Accumulated Surplus/(Deficit) \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		438,709	127,840	310,412	457
Surplus/(deficit) for the year		(2,668)	(2,668)	-	-
Transfer to Other Reserve		-	-	-	-
Net asset revaluation increment	9.1	10,081	-	10,081	-
Balance at end of the financial year		<u>446,121</u>	<u>125,172</u>	<u>320,493</u>	<u>457</u>

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		31,208	27,633
Statutory fees and fines		917	1,015
User fees		3,463	3,208
Grants - operating		20,159	18,585
Grants - capital		3,902	8,225
Contributions - monetary		196	136
Other receipts		1,667	1,021
Net GST refund		(22)	513
Employee costs		(25,980)	(25,346)
Materials and services		(21,604)	(13,842)
Other payments		(2,707)	(6,482)
Net cash provided by operating activities	9.2	<u>11,199</u>	<u>14,666</u>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.1	(13,884)	(15,144)
Payments for landfill rehabilitation works		(268)	(3,885)
Proceeds from sale of property, infrastructure, plant and equipment		476	710
Net cash used in investing activities		<u>(13,676)</u>	<u>(18,319)</u>
<b>Cash flows from financing activities</b>			
Finance costs		(2)	(1)
Repayment of borrowings		(590)	(7,565)
Interest paid - lease liability		19	-
Repayment of Lease Liabilities		(240)	-
Net cash used in financing activities		<u>(813)</u>	<u>(7,566)</u>
Net (decrease) in cash and cash equivalents		(3,291)	(11,219)
Cash and cash equivalents at the beginning of the financial year		16,571	27,790
Cash and cash equivalents at the end of the financial year	5.1	<u>13,280</u>	<u>16,571</u>
Financing arrangements	5.6		

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

## STATEMENT OF CAPITAL WORKS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
Property			
Buildings		659	1,000
Land		4	-
Total buildings		<u>663</u>	<u>1,000</u>
Total property		<u>663</u>	<u>1,000</u>
Plant and equipment			
Plant, machinery and equipment		2,590	1,292
Library books		89	94
Total plant and equipment		<u>2,679</u>	<u>1,386</u>
Infrastructure			
Roads		2,644	3,044
Bridges		332	-
Footpaths and street furniture		270	410
Drainage		58	26
Recreational, leisure and community facilities		604	1,800
Aerodrome		308	491
Waste management		13	-
Parks, open space and streetscapes		5,827	6,988
Other infrastructure		486	-
Total infrastructure		<u>10,542</u>	<u>12,759</u>
Total capital works expenditure		<u>13,884</u>	<u>15,145</u>
Represented by:			
New asset expenditure		7,753	8,725
Asset renewal expenditure		5,737	4,863
Asset upgrade expenditure		394	1,556
Total capital works expenditure		<u>13,884</u>	<u>15,145</u>

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



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## Note 1 OVERVIEW

### Introduction

The Glenelg Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate. The Council's main office is located at 71 Cliff Street, Portland.

### Statement of compliance

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

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

### Significant accounting policies

#### (a) Basis of accounting

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. 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, 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 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- determining 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)
- other areas requiring judgements

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

### Goods and Services Tax (GST)

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



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 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 greater than 10 percent and \$500,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 28 June 2022. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	31,393	31,559	166	1%	
Statutory fees and fines	932	917	(15)	-2%	
User fees	3,153	3,312	159	5%	
Grants - operating	14,784	19,955	5,171	35%	1
Grants - capital	8,248	7,135	(1,113)	-13%	2
Contributions - monetary	115	196	81	71%	
Other income	575	1,854	1,279	222%	3
<b>Total income / revenue</b>	<b>59,200</b>	<b>64,928</b>	<b>5,728</b>	<b>10%</b>	
Expenses					
Employee costs	(26,340)	(26,068)	272	-1%	
Materials and services	(18,826)	(19,687)	(861)	5%	
Depreciation	(12,529)	(10,954)	1,575	-13%	4
Amortisation - Right of use assets	(223)	(221)	2	-1%	
Bad and doubtful debts - allowance for impairment losses	-	(9)	(9)	100%	
Borrowing costs	(146)	(2)	144	-99%	
Finance Costs - Leases	(20)	(18)	2	-8%	
Net loss on disposal of property, infrastructure, plant and equipment	-	(1,871)	(1,871)	100%	5
Other expenses - Landfill provision adjustment	-	(1,051)	(1,051)	100%	6
Other expenses	(1,056)	(2,324)	(1,268)	120%	7
<b>Total expenses</b>	<b>(59,138)</b>	<b>(62,205)</b>	<b>(3,067)</b>	<b>5%</b>	
<b>Surplus for the year</b>	<b>62</b>	<b>2,723</b>	<b>2,661</b>	<b>4327%</b>	

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Grants - operating	Operating Grants were \$5M higher than our Adopted Budget for 22/23. This was partly due to an additional \$4M of 23/24 Commonwealth Grant funding being received in advance in June 2023 (earlier than expected). Other amounts were - \$500k received for Municipal Emergency events and an additional \$308k of Kindergarten funding due to free kinder for 2023.
2	Grants - capital	Capital Grant income was lower than our Adopted Budget by \$1M due to the following - \$5.2M - Funding included in our Adopted Budget that Council did not receive - \$3M of Building Better regions funding as the project did not progress & \$2.2M of Roads to Recovery funding as this income has been deferred to 23/24. \$1.4M - Funding included in our Adopted Budget that Council received but had to carry forward per Accounting Standards - \$1.1M of Portland North Employment Precinct funding & \$335k of Local Freight Roads funding. \$5.5M - Funding received that was not included in our Adopted Budget - \$1.8M of Local Roads and Infrastructure LRCI (COVID stimulus) funding, \$250k of Stills Traffic improvement funding of \$322k and \$2.5M of Alexandra Park funding, \$250k of Bridgewater Bay funding and \$253k of Portland Foreshore Multipurpose funding in line with project deliverables.
3	Other income	Other income was \$1.3M higher for 22/23 due to \$200k of additional interest income received due to higher interest rates, \$130k of higher Workcover reimbursement income, \$460k of additional insurance payouts, \$85k of additional Visitor Information Centre income and \$374k as a result of Asset Recognition standards.
4	Depreciation	The depreciation amount has reduced from 2021/22 and is largely impacted by new valuations recognised for land and buildings. Council uses independent valuations and recognises that condition assessments and end of life should be considered in 2023/24 for future planning of renewal programs.
5	Net loss on disposal of property, infrastructure, plant and equipment	The accounting cost for the disposal and write off of assets at 30 June is not budgeted. This cost is made up significantly by the writeoff of road renewals and in 22/23 the demolished building at Alexandra Park. Other asset categories that impacted this amount include light and heavy fleet.
6	Other expenses - Landfill provision adjustment	The adjustment to the Landfill provision is not budgeted due to the complex nature of the landfill rehabilitation works. The expenditure amount recognised is the movement in the current provision.
7	Other expenses	Other Expenses were higher than Adopted budget due to factors related to Internal Cost Allocations. Favourable Internal Cost allocations of \$540k for 22/23 were offset against Materials and Services costs instead of Other Expenses due to the nature of these expenses. As a result, Other expenses expenditure is higher than budget. The additional reason Other expenses is higher than budget is because we had budgeted favourable Internal Cost allocations of \$1M and \$0 has been applied against Other expenses for 22/23.

Note 2.1 Performance against budget (continued)

2.1.2 Capital works

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Property					
Buildings	5,375	659	(4,716)	-88%	1
Land	-	4	4	0%	
Total property	5,375	663	(4,712)	-88%	
Plant and equipment					
Plant, machinery and equipment	1,135	2,590	1,455	128%	2
Fixtures, fittings and furniture	10	-	(10)	-100%	
Heritage plant and equipment	10	-	(10)	-100%	
Library books	95	89	(6)	-7%	
Total plant and equipment	1,250	2,679	1,429	-78%	
Infrastructure					
Roads	2,905	2,644	(261)	-9%	
Bridges	200	332	132	66%	
Footpaths and cycle ways	50	270	220	440%	
Drainage	50	58	8	16%	
Recreational, leisure and community facilities	200	604	404	202%	
Waste management	280	13	(267)	-96%	
Parks, open space and streetscapes	260	5,827	5,567	2141%	3
Off street car parks	50	-	(50)	-100%	
Aerodrome	50	308	258	517%	
Other infrastructure	250	486	236	95%	
Total infrastructure	4,295	10,542	6,247	145%	
Total capital works expenditure	10,920	13,884	2,964	27%	
Represented by:					
New asset expenditure	5,350	7,753	2,403	45%	
Asset renewal expenditure	5,310	5,737	427	8%	
Asset upgrade expenditure	260	394	134	51%	
Total capital works expenditure	10,920	13,884	2,964	27%	

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	The Adopted Budget for Buildings for 22-23 comprised the Building Better regions projects for \$5M, the Building Renewals budget of \$300k and \$75k of other Building works. Actuals were \$4.8M lower than budget as the Building Better regions project did not progress. \$250k was spent on the Portland Foreshore Multipurpose and \$400k on Building renewals and other works. Uncompleted Building works for 22/23 to be carried forward to 23/24 are estimated at \$6.2M and consists mainly of \$5.9M of the Foreshore Multipurpose project costs.
2	Plant, machinery and equipment	Actual spend for Plant, Machinery & Equipment is \$1.4M higher than the Adopted Budget. This is partially due to a Budget increase applied as a result of a \$839k underspend from 21/22 due to manufacturer delays on delivering Light Fleet. \$778k is due to capitalising items purchased in Operational budgets for Services that are capital in nature. Uncompleted Plant, Machinery and Equipment additions for 22/23 to be carried forward to 23/24 are estimated at \$321k. These are largely due to supply issues.
3	Parks, open space and streetscapes	Although the Adopted Budget for Parks, Open Space and Streetscapes was only \$260k, a Forecast Budget increase was applied to these Budgets due to unused budgets from 21/22 of \$9.9M. This resulted in a \$5.8M spend in 22/23 and includes - \$4.5M for the Alexandra Park project, \$784k for the Foreshore Masterplan project, \$115k for the Bridgewater pathways and \$244k has been spent on replacing the Air Condenser in the Cliff St building. Uncompleted Parks, Open Space and Streetscape works for 22/23 to be carried forward to 23/24 are estimated at \$4.5M and consists largely of Alexandra Park project costs of \$2.2M, Portland Foreshore project costs of \$873k, Bridgewater Masterplan project costs of \$883k and Local Port works of \$397k.

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2 (a) Chief Executive Department

The CEO provides high level strategic advice to the Mayor and Councillors and oversees the administrative function of Council ensuring good governance and financial practices. Assisted by the Directors and the Organisational Development Manager, the CEO is responsible for implementing the policies and decisions of Council and the day to day operations of the organisation. With a focus on development and innovation, the CEO works with the Council and its staff to bring about positive change and growth for the benefit of the Glenelg Shire community. Teams within the CEO's department are Economy & Investment, Tourism & Events, Communications & Media, Organisational Development and Council Support.

Glenelg Futures

Glenelg Futures comprises Digital Glenelg, Information Technology and Information and Data Management. The Chief Information Officer is accountable for the leadership and management of a multi-disciplinary team implementing initiatives that will transform the quality of services delivered to the community, as well as complying with records and information management systems, standards and procedures.

Corporate Services

The Corporate Services Director is accountable for the leadership and management of a multi-disciplinary team providing efficient operation in accordance with the value, objectives and goals of the organisation. This team includes Corporate Governance, Finance and Rates, Contracts and Procurement, Information Technology, Emergency and OHS Management, Town Planning, Building Services, Local Laws and Environmental Health, Customer Service and Facilities Maintenance.

Community Services

Community Services delivers a range of services for the community and provides support to projects which promote community capacity building and enhance community wellbeing. The key service units include Community Wellbeing, Children's Services, Library and Information services, Aged and Disability, Community Grants, Visitor Information Centres and Arts and Culture.

Assets

The Assets Department comprises Engineering, Works, Asset Management, Waste Management, Operations, Project Planning and Facilities service areas. The Director Assets also supports the Executive Team in undertaking policy development, financial management, community engagement, providing customer service and overall business management to ensure that Council objectives can be achieved.

Other

Includes costs associated with salary on cost allocations for the organisation and Capital Grant income.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Note 2.2 Analysis of Council results by program (continued)

2.2 (b) Summary of income / revenue, expenses, assets and capital expenses by program

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Chief Executive Department	150	3,445	(3,295)	78	826
Corporate Services	38,849	10,071	28,778	8,049	3,975
Glenelg Futures	99	3,596	(3,497)	-	859
Community Services	7,329	11,581	(4,252)	5,566	6,403
Assets	5,628	21,523	(15,895)	13,397	477,118
Other	12,873	11,989	884	-	-
	64,928	62,205	2,723	27,090	489,181

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Chief Executive Department	324	3,399	(3,075)	206	843
Corporate Services	33,763	10,745	23,018	7,225	4,529
Glenelg Futures	-	3,257	(3,257)	-	995
Community Services	7,266	11,248	(3,982)	5,442	7,104
Assets	18,934	35,475	(16,541)	14,383	466,646
Other	-	(1,169)	1,169	-	-
	60,287	62,955	(2,668)	27,256	480,117

## Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES

### 3.1 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its imputed market value.

The valuation base used to calculate general rates for 2022/23 was \$8.127 billion (2021/22 \$6.175 billion).

	2023 \$'000	2022 \$'000
General rates	12,602	10,481
Waste Charges	2,554	2,482
Special rates and charges - Industrial Agreement	4,874	5,041
Service rates and charges - Commercial/Industrial Land	1,728	1,494
Service rates and charges - Primary Production Land	9,774	8,000
Interest on rates and charges	-	4
Service rates and charges - Cultural and Recreation Land	27	24
<b>Total rates and charges</b>	<b>31,559</b>	<b>27,526</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2023, and the valuation will be first applied in the rating year commencing 1 July 2023. Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

The 2021/22 result included a rebate provided to the primary production rate category, and therefore reflected a net income result.

	2023 \$'000	2022 \$'000
3.2 Statutory fees and fines		
Infringements and costs	15	33
Town planning fees	695	768
Permits	207	214
<b>Total statutory fees and fines</b>	<b>917</b>	<b>1,015</b>

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

	2023 \$'000	2022 \$'000
3.3 User fees		
Waste management services	1,236	1,193
Aged and health services	756	812
Child care / children's programs	612	667
Caravan Park Income	188	186
Council Owned Local Port	167	159
Other fees and charges	353	316
<b>Total user fees</b>	<b>3,312</b>	<b>3,333</b>
User fees by timing of revenue recognition		
User fees recognised at a point in time	3,312	3,333
<b>Total user fees</b>	<b>3,312</b>	<b>3,333</b>

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



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

## 3.4 Funding from other levels of government

	2023 \$'000	2022 \$'000
Grants were received in respect of the following :		
Summary of Grants		
Commonwealth funded grants	18,921	18,835
State funded grants	8,169	8,421
Total Grants received	<u>27,090</u>	<u>27,256</u>
(a) Operating Grants	2023	2022
<i>Recurrent - Commonwealth Government</i>	\$'000	\$'000
Financial Assistance Grants	13,205	11,832
Aged & Disability Services	1,248	1,224
<i>Recurrent - State Government</i>		
Aged & Disability Services	367	358
Childrens Services	934	773
Library Services	210	7
Maternal & Child Health	462	471
Emergency Response (MECC)	120	146
Youth Services	110	116
Local Port	186	186
Environmental Health	13	26
Total Recurrent Operating Grants	<u>16,855</u>	<u>15,139</u>
<i>Non-Recurrent - Commonwealth Government</i>		
Childrens Services	1,217	1,189
Planning	55	1
Aged & Disability Services	45	29
<i>Non-Recurrent - State Government</i>		
Aged & Disability Services	10	9
Arts & Culture	106	91
Buildings	-	5
Childrens Services	716	805
Community Wellbeing	66	37
Economy & Investment *	(154)	200
Emergency Response (MECC)	-	63
Environmental Planning	234	116
Library Services	16	228
Local Laws	2	20
Local Port Better Boating	84	82
Maternal & Child Health	-	5
Organisational Development	8	-
School Crossing Supervisors	74	62
Special Projects	569	6
Youth Services	52	51
Other *	-	(126)
Total Non-Recurrent Operating Grants	<u>3,100</u>	<u>2,873</u>
Total Operating Grants	<u>19,955</u>	<u>18,012</u>

\* Note - \$154k refund due to unexpended grant funding recognised in 21/22 returned to Grantor in 22/23

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

## 3.4 Funding from other levels of government (continued)

	2023	2022
	\$'000	\$'000
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	-	2,217
Total recurrent capital grants	-	2,217
<i>Non-recurrent - Commonwealth Government</i>		
Airports	243	50
Infrastructure	74	-
Recreational & Community Facilities	2,834	2,293
<i>Non-recurrent - State Government</i>		
Roads	487	177
Infrastructure	365	4,328
Recreational & Community Facilities	3,132	179
Total Non-Recurrent Capital Grants	7,135	7,027
Total Capital Grants	7,135	9,244

## (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 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.

	2023	2022
	\$'000	\$'000
Income recognised under AASB 1058 Income of Not-for-Profit Entities		
General purpose	14,255	12,686
Specific purpose grants to acquire non-financial assets	7,135	9,244
Other Specific Purpose Grants	3,149	3,214
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	2,551	2,112
	27,090	27,256

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

Operating		
Balance at start of year	986	412
Received during the financial year and remained unspent at balance date	901	814
Received in prior years and spent during the financial year	(595)	(241)
Balance at year end	1,292	986

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

	2023	2022
	\$'000	\$'000
3.4 Capital		
Balance at start of year	9,761	10,780
Received during the financial year and remained unspent at balance date	1,964	2,940
Received in prior years and spent during the financial year	(5,698)	(3,959)
Balance at year end	6,027	9,761

Unspent grants are determined and disclosed on a cash basis.

## 3.5 Contributions

Monetary	196	136
Non-monetary	-	-
Total contributions	196	136

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset. There were no non monetary contributions received in 2022/2023.

	2023	2022
	\$'000	\$'000
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	476	710
Written down value of assets disposed and written off	(2,347)	(3,159)
Total net loss on disposal of property, infrastructure, plant and equipment	(1,871)	(2,449)

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

	2023	2022
	\$'000	\$'000
3.7 Other income		
Interest	255	46
Reimbursements	388	383
Sales and Commission	382	329
Other miscellaneous	829	263
Total other income	1,854	1,021

Interest is recognised as it is earned.

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## Note 4 THE COST OF DELIVERING SERVICES

	2023	2022
	\$'000	\$'000
4.1 (a) Employee costs		
Wages and salaries	20,730	20,684
WorkCover	399	393
Superannuation	2,297	2,182
Fringe benefits tax	172	138
Other employee costs	2,642	1,611
Salary expenses capitalised	(172)	(237)
Total employee costs	<u>26,068</u>	<u>24,771</u>

### (b) Superannuation

Council made contributions to the following funds:

Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	86	113
	<u>86</u>	<u>113</u>
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,160	1,132
Employer contributions - Ausuper	172	154
Employer contributions - Hostplus	114	121
Employer contributions - CBUS	99	81
Employer contributions - Rest	55	51
Employer contributions - other funds	527	444
	<u>2,127</u>	<u>1,983</u>
Employer contributions payable at reporting date	<u>84</u>	<u>80</u>

Contributions made include amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

	2023	2022
	\$'000	\$'000
4.2 Materials and services		
Contract payments	13,371	11,197
Material expenses - general	2,994	3,672
Utilities	1,530	1,243
Office administration	196	165
Information technology	757	883
Insurance	839	871
Total materials and services	<u>19,687</u>	<u>18,031</u>

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

	2023	2022
	\$'000	\$'000
4.3 Depreciation		
Property	2,148	3,014
Plant and equipment	948	1,131
Infrastructure	7,858	8,460
Total depreciation	<u>10,954</u>	<u>12,605</u>

Refer to note 6.2 for a more detailed breakdown of depreciation charges and accounting policy.

### Note 4 The cost of delivering services (continued)

4.4 Amortisation - Right of use assets	2023	2022
	\$'000	\$'000
Plant and equipment	221	198
Total Amortisation - Right of use assets	<u>221</u>	<u>198</u>

4.5 Bad and doubtful debts - allowance for impairment losses	2023	2022
	\$'000	\$'000
Other debtors	9	7
Total bad and doubtful debts - allowance for impairment losses	<u>9</u>	<u>7</u>

### Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	48	9
New provisions recognised during the year	6	48
Amounts already provided for and written off as uncollectible	-	(3)
Amounts provided for but recovered during the year	(48)	(6)
Balance at end of year	<u>6</u>	<u>48</u>

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	2023	2022
	\$'000	\$'000
Interest - Borrowings	2	1
Total borrowing costs	<u>2</u>	<u>1</u>

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	2023	2022
	\$'000	\$'000
Interest - Lease Liabilities	18	23
Total finance costs	<u>18</u>	<u>23</u>

4.8 Other expenses	2023	2022
	\$'000	\$'000
VAGO Audit Fees - audit of the financial & performance statements and grant acquittals	47	42
Councillors' allowances	290	279
Seminars and training course fees	268	350
Memberships	373	284
Communication expenses	313	321
Advertising	159	213
Travel and accomodation	63	43
Statutory expenses	315	304
Bank fees	48	60
Other expenses	(12)	181
MAV WorkCare Scheme Liability	-	685
Contributions and donations	478	511
Total other expenses	<u>2,342</u>	<u>3,273</u>

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## Note 5 OUR FINANCIAL POSITION

	2023 \$'000	2022 \$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	8	8
Cash at bank	13,272	16,563
Total cash and cash equivalents	<u>13,280</u>	<u>16,571</u>

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

	2023 \$'000	2022 \$'000
(b) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	1,386	1,035
Net GST Receivable	553	531
<i>Non Statutory receivables</i>		
Other debtors	711	908
Provision for doubtful debts - other debtors	(6)	(48)
Other assets	4	4
Total current trade and other receivables	<u>2,648</u>	<u>2,430</u>
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	11	9
Total non-current trade and other receivables	<u>11</u>	<u>9</u>
Total trade and other receivables	<u>2,659</u>	<u>2,439</u>

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

	2023 \$'000	2022 \$'000
(c) Ageing of Receivables		
The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:		
Current (not yet due)	502	731
Past due by up to 30 days	47	34
Past due between 31 and 180 days	9	32
Past due between 181 and 365 days	33	84
Past due by more than 1 year	120	27
Total trade and other receivables	<u>711</u>	<u>908</u>

### (d) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$6k (2022: \$48k) were impaired. The amount of the provision raised against these debtors was \$6k (2022:\$48k). 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.

	2023 \$'000	2022 \$'000
The ageing of receivables that have been individually determined as impaired at reporting date was:		
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	6	48
Past due by more than 1 year	-	-
Total trade & other receivables	<u>6</u>	<u>48</u>



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## Note 5 Our financial position (continued)

5.2 Non-financial assets	2023	2022
	\$'000	\$'000
(a) Inventories		
Inventories held for distribution	214	192
Total inventories	<u>214</u>	<u>192</u>

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(b) Other Assets		
Prepayments	543	356
Accrued income	195	37
Total other assets	<u>738</u>	<u>393</u>

5.3 Payables, trust funds and deposits and unearned income/revenue	2023	2022
	\$'000	\$'000

(a) Trade and other payables		
<i>Non-statutory payables</i>		
<i>Current</i>		
Trade payables	2,338	3,361
Accrued expenses	322	464
<i>Statutory payables</i>		
Fire Service Levy	208	167
Net GST payable	49	174
Total current trade and other payables	<u>2,917</u>	<u>4,166</u>

(b) Unearned income/revenue		
<i>Current</i>		
Grants received in advance - operating	1,292	986
Grants received in advance - capital	6,027	9,761
Other	125	105
Total current unearned income/revenue	<u>7,444</u>	<u>10,852</u>

(c) Trust funds and deposits		
Refundable deposits	746	1,263
Contract retentions	423	504
Total trust funds and deposits	<u>1,169</u>	<u>1,767</u>

Unearned income/revenue represents contract liabilities and reflects consideration for grants received in advance from customers. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.4(c).

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

### Purpose and nature of items

Fire Service Levy - Council is the collection agent for the 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.

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Contract 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.

## Note 5 Our financial position (continued)

5.4 Interest-bearing liabilities	2023	2022
	\$'000	\$'000
Current		
Borrowings - secured (current)	396	557
	<u>396</u>	<u>557</u>
Non-current		
Borrowings - secured (non current)	282	711
	<u>282</u>	<u>711</u>
Total	<u>678</u>	<u>1,268</u>

Borrowings are secured by a charge over Council's Rate Revenue.

The maturity profile for Council's borrowings is:

Not later than one year	396	557
Later than one year and not later than five years	282	711
Later than five years	-	-
Total	<u>678</u>	<u>1,268</u>

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

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition. At present, all Council's borrowings are classified at amortised cash.

## 5.5 Provisions

	Employee	Landfill restoration	Gravel Pit restoration	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2023				
Balance at beginning of the financial year	5,513	9,663	308	15,484
Additional provisions	1,963	-	83	2,046
Amounts used	(1,933)	(268)	(60)	(2,261)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	59	1,051	121	1,231
Balance at the end of the financial year	<u>5,602</u>	<u>10,446</u>	<u>452</u>	<u>16,500</u>
<i>Provisions - current</i>	5,082	260	452	5,794
<i>Provisions - non-current</i>	520	10,186	-	10,706
2022				
Balance at beginning of the financial year	6,088	11,951	310	18,349
Additional provisions	1,575	(826)	-	749
Amounts used	(2,251)	(3,885)	(63)	(6,199)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	101	2,423	61	2,585
Balance at the end of the financial year	<u>5,513</u>	<u>9,663</u>	<u>308</u>	<u>15,484</u>
<i>Provisions - current</i>	4,950	260	308	5,518
<i>Provisions - non-current</i>	563	9,403	-	9,966

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## Note 5 Our financial position (continued)

### 5.5 Provisions (continued)

	2023	2022
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,529	1,418
Long service leave	332	248
	<u>1,861</u>	<u>1,666</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	877	852
Employee gratuity scheme	1	29
Long service leave	2,343	2,403
	<u>3,221</u>	<u>3,284</u>
Total current employee provisions	<u>5,082</u>	<u>4,950</u>
Non-current		
Long service leave	520	563
Total non-current employee provisions	<u>520</u>	<u>563</u>
Aggregate carrying amount of employee provisions:		
Current	5,082	4,950
Non-current	520	563
Total aggregate carrying amount of employee provisions	<u>5,602</u>	<u>5,513</u>

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.

	2023	2022
Key assumptions:		
- discount rate	4.06%	3.85%
- index rate	4.35%	3.69%

## Note 5 Our financial position (continued)

### 5.5 Provisions (continued)

	2023	2022
	\$'000	\$'000
(b) Landfill restoration		
Current provision - landfill	260	260
Non current provision - landfill	10,186	9,403
	<u>10,446</u>	<u>9,663</u>

Council is obligated to restore the Portland Landfill site 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.

	2023	2022
Key assumptions:		
- discount rate	4.06%	3.69%
- index rate	6.80%	5.09%

	2023	2022
	\$'000	\$'000
(c) Gravel pit restoration		
Current Provision - Gravel/Limestone Pits	452	308
	<u>452</u>	<u>308</u>

Council is obligated to restore quarry sites to a particular standard. The forecast life of the sites is based on current estimates of remaining capacity. The provision for the gravel and limestone pits held by Council has been calculated based on the present value of the expected cost of works to be undertaken. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast life of the sites and other related costs.

	2023	2022
Key assumptions:		
- discount rate	4.06%	3.69%
- index rate	7.02%	5.09%

### 5.6 Financing arrangements

	2023	2022
	\$'000	\$'000
The Council has the following funding arrangements in place as at 30 June 2023.		
Bank overdraft	4,000	4,000
Loan facilities	678	1,268
Credit card facilities	200	200
Total lease liabilities	1,000	1,000
Total facilities	<u>5,878</u>	<u>6,468</u>
Used facilities	(1,139)	(1,758)
Unused facilities	<u>4,739</u>	<u>4,710</u>

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Note 5 Our financial position (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.

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Operating	767	255	-	-	1,022
Aquatic Facilities	103	-	-	-	103
Cleaning/Other Contracts	178	56	-	-	234
Consultancies	97	32	-	-	129
IT	365	131	70	-	566
Leases	2,430	197	87	-	2,714
Maintenance Contracts	354	-	-	-	354
Maternal Child Health	308	308	77	-	693
Other	5	-	-	-	5
Security Services	167	-	-	-	167
Tourism & Events	260	260	780	444	1,744
Waste Management	700	-	-	-	700
Aged Services					
Total	5,734	1,239	1,014	444	7,731
Capital					
Airport Infrastructure	50	27	-	-	77
Alexandra Park Master Plan	2,764	-	-	-	2,764
Backup Generators	48	-	-	-	48
Bridgewater Bay Infrastructure	802	-	-	-	802
Light Fleet	196	-	-	-	196
Local Freight Roads	2,582	2,068	-	-	4,650
Local Roads & Infrastructure (LRCI) - Phase 2	17	-	-	-	17
Local Roads & Infrastructure (LRCI) - Phase 3	2,198	-	-	-	2,198
Other - Building Infrastructure	76	-	-	-	76
Roads	1,203	83	7	-	1,293
Portland North Precinct	-	2,528	-	-	2,528
Port of Portland Bay Infrastructure	404	-	-	-	404
Total	10,340	4,706	7	-	15,053

Note 5 Our financial position (continued)

## 5.7 Commitments (continued)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Operating	781	767	510	-	2,058
Aquatic Facilities	331	4	-	-	335
Cleaning/Other Contracts	826	-	-	-	826
Consultancies	32	-	-	-	32
Home Care Services	74	-	-	-	74
IT	3,828	2,178	-	-	6,006
Maintenance Contracts	624	-	-	-	624
Maternal Child Health	149	-	-	-	149
Meals on Wheels	309	20	-	-	329
Roads	2	-	-	-	2
Security Services	2,433	-	-	-	2,433
Waste Management					
Total	9,389	2,969	510	-	12,868
Capital					
Airport Infrastructure	13	-	-	-	13
Bridge Infrastructure	464	-	-	-	464
Bridgewater Bay Infrastructure	998	-	-	-	998
Buildings	3,621	3,301	-	-	6,922
Community Infrastructure	61	-	-	-	61
Infrastructure - Henty Employment & North Portland Precincts	897	1,868	-	-	2,765
Parks & Gardens Infrastructure	148	-	-	-	148
Port of Portland Bay Infrastructure	437	-	-	-	437
Portland Foreshore Infrastructure	66	-	-	-	66
Sport & Recreation Infrastructure	254	-	-	-	254
Local Roads and Infrastructure (LRCI)	6,391	-	-	-	6,391
Total	13,350	5,169	-	-	18,519

## 5.8 Leases

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

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Note 5 Our financial position (continued)

## 5.8 Leases (continued)

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

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

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

### Right-of-Use Assets

	Plant & Equipment \$'000	Total \$'000
Balance at 1 July 2021	451	451
Additions	189	189
Amortisation charge	(198)	(198)
Balance at 30 June 2022	442	442
Balance at 1 July 2022	442	442
Additions	173	173
Amortisation charge	(221)	(221)
Balance at 30 June 2023	394	394

### Lease Liabilities

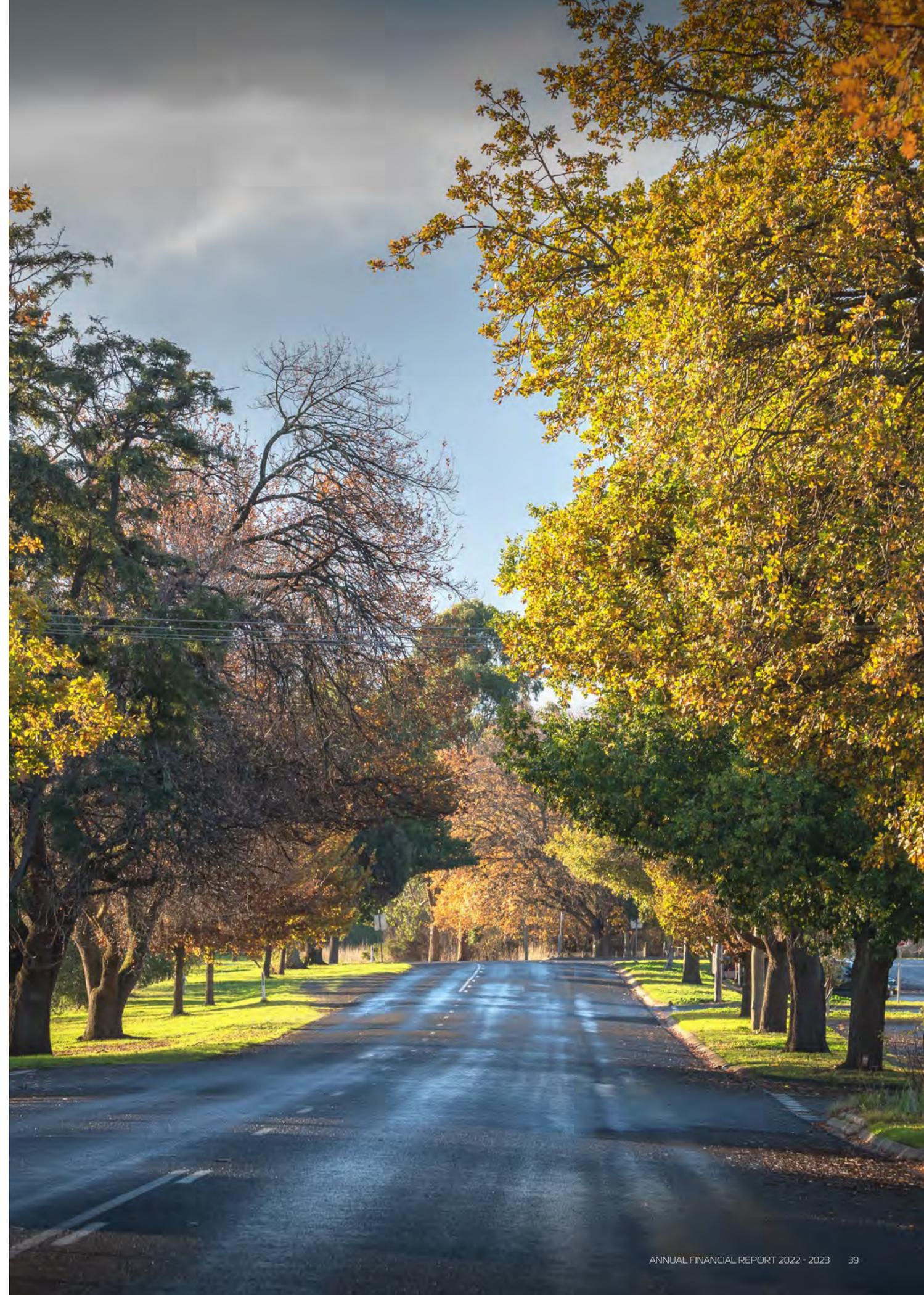
	2023	2022
Maturity analysis - contractual undiscounted cash flows		
Less than one year	226	211
One to five years	201	277
More than five years	-	-
Total undiscounted lease liabilities as at 30 June:	427	488

Lease liabilities included in the Balance Sheet at 30 June:

Current	223	194
Non-current	196	264
Total lease liabilities	419	458

### Short-term and low value leases

Council does not have any Short-term or low value leases



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## Note 6 ASSETS WE MANAGE

### 6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying Amount 30 June 2022	Additions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Recognitions	WIP Expensed & NCA Adjustment	Carrying Amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	80,994	-	10,714	(2,148)	-	(1,312)	1,325	65	-	89,638
Plant and equipment	10,450	-	-	(948)	(331)	-	1,961	-	-	11,132
Infrastructure	363,623	-	255	(7,858)	-	(704)	9,587	310	-	365,213
Work in progress	5,014	13,884	-	-	-	-	(12,873)	-	(111)	5,914
	460,081	13,884	10,969	(10,954)	(331)	(2,016)	-	375	(111)	471,897

Summary of Work in Progress

	Opening WIP	Additions	Expensed	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	42	663	-	(1,325)	(620)
Plant and equipment	758	2,679	-	(1,961)	1,476
Infrastructure	4,214	10,542	(111)	(9,587)	5,058
Total	5,014	13,884	(111)	(12,873)	5,914

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Total Land & Land Improvements \$'000	Heritage buildings \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2022	18,697	12,237	30,934	12,916	97,878	12,819	123,613	42	154,589
Accumulated depreciation at 1 July 2022	-	-	-	(8,647)	(57,679)	(7,228)	(73,553)	-	(73,553)
	18,697	12,237	30,934	4,269	40,199	5,591	50,060	42	81,036
Movements in fair value									
Additions	-	-	-	-	-	-	-	663	663
Contributions	-	-	-	-	65	-	65	-	65
Revaluation	2,797	1,864	4,661	636	4,682	1,271	6,589	-	11,250
Disposal	-	-	-	-	-	-	-	-	-
Write-off	(363)	(2)	(365)	-	(1,777)	-	(1,777)	-	(2,142)
Transfers	4	-	4	54	515	752	1,321	(1,325)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	2,438	1,862	4,300	690	3,485	2,023	6,198	(662)	9,836
Movements in accumulated depreciation									
Depreciation	-	-	-	(245)	(1,763)	(140)	(2,148)	-	(2,148)
Accumulated depreciation of revaluation	-	-	-	-	(22)	(514)	(536)	-	(536)
Accumulated depreciation of writeoff	-	-	-	-	830	-	830	-	830
Transfers	-	-	-	-	(3)	-	(3)	-	(3)
	-	-	-	(245)	(958)	(654)	(1,857)	-	(1,857)
At fair value 30 June 2023	21,135	14,099	35,234	13,606	101,363	14,842	129,811	(620)	164,425
Accumulated depreciation at 30 June 2023	-	-	-	(8,891)	(58,637)	(7,882)	(75,410)	-	(75,410)
Carrying amount	21,135	14,099	35,234	4,715	42,726	6,960	54,401	(620)	89,015

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## (b) Plant and Equipment

	Heritage plant and equipment	Plant machinery and equipment	Fixtures fittings and furniture	Library books	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	3,225	17,545	2,160	1,807	758	25,495
Accumulated depreciation at 1 July 2022	-	(10,890)	(1,959)	(1,442)	-	(14,291)
	3,225	6,655	201	365	758	11,205
<b>Movements in fair value</b>						
Additions	-	-	-	-	2,678	2,678
Contributions	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Disposal	-	(1,270)	-	-	-	(1,270)
Write-off	-	-	-	-	-	-
Transfers	-	1,852	26	89	(1,967)	-
Impairment losses recognised in operating result	-	-	-	-	-	-
	-	582	26	89	711	1,408
<b>Movements in accumulated depreciation</b>						
Depreciation	-	(772)	(51)	(125)	-	(948)
Accumulated depreciation of disposals	-	938	-	-	-	938
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	-	166	(51)	(125)	-	(10)
At fair value 30 June 2023	3,225	18,126	2,186	1,896	1,469	26,902
Accumulated depreciation at 30 June 2023	-	(10,724)	(2,010)	(1,567)	-	(14,301)
Carrying amount	3,225	7,402	176	329	1,469	12,601



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## (c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	326,041	45,819	33,314	79,334	52,161	3,918	549	18,580	1,856	4,214	565,786
Accumulated depreciation at 1 July 2022	(88,187)	(21,620)	(19,606)	(38,230)	(21,203)	(1,131)	(266)	(6,911)	(793)	-	(197,947)
	237,854	24,199	13,708	41,104	30,958	2,787	283	11,669	1,063	4,214	367,839
Movements in fair value											
Additions	-	-	-	-	-	-	-	-	-	10,542	10,542
Contributions	20	333	(49)	69	-	-	(64)	-	-	-	309
Revaluation	-	-	-	-	-	51	-	204	-	-	255
Disposal	-	-	-	-	-	-	-	-	-	-	-
Write-off	(2,212)	-	(620)	-	(100)	-	-	(6)	-	(111)	(3,049)
Transfers	2,181	283	4,244	282	2,056	-	-	536	-	(9,581)	1
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
	(11)	616	3,575	351	1,956	51	(64)	734	-	850	8,058
Movements in accumulated depreciation											
Depreciation	(3,946)	(562)	(639)	(1,018)	(1,226)	(107)	(22)	(287)	(51)	-	(7,858)
Accumulated depreciation of revaluation	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation of writeoffs	1,704	-	429	-	99	-	-	3	-	-	2,235
Transfers	-	-	2	(2)	-	-	3	-	-	-	3
	(2,242)	(562)	(208)	(1,020)	(1,127)	(107)	(19)	(284)	(51)	-	(5,620)
At fair value 30 June 2023	326,031	46,434	36,889	79,685	54,117	3,969	485	19,314	1,856	5,064	573,844
Accumulated depreciation at 30 June 2023	(90,429)	(22,182)	(19,814)	(39,250)	(22,330)	(1,238)	(285)	(7,195)	(844)	-	(203,567)
Carrying amount	235,602	24,252	17,075	40,435	31,787	2,731	200	12,119	1,012	5,064	370,277

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 6.1 Property, infrastructure, plant and equipment (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.

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
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	1
Buildings		
buildings	50-100 years	1
Plant and Equipment		
heritage plant and equipment	100 years	1
plant, machinery and equipment	3-20 years	1
others (fixtures, fittings and furniture)	5-20 years	1
Infrastructure		
roads	25-100 years	10
bridges	70-100 years	10
footpaths & street furniture	15-60 years	1
drainage	50-100 years	10
recreational, Leisure and Community	50-100 years	1
waste management	5-20 years	10
parks, open spaces and streetscapes	10-100 years	10
aerodromes	10-100 years	10
off street car parks	10-100 years	10

### Land under roads

Council recognises land under roads acquired since 2008 at fair value.

### Depreciation

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

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

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

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

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

### 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.

## 6.1 Property, infrastructure, plant and equipment (continued)

### Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer (Preston Rowe Paterson). 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 2023 are as follows:

	Level 1 \$'000	Level2 \$'000	Level 3 \$'000	Date of Valuation	Type of Valuation
Land - Non specialised	-	14,099	-	Jun-23	Independent
Specialised land	-	-	21,135	Jun-23	Independent
Heritage Buildings	-	-	4,715	Jun-23	Independent
Buildings	-	6,960	42,726	Jun-23	Independent
Total	-	21,059	68,576		

### Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with valuation undertaken by Ricky Luke (Bachelor of Civil Engineering) at Glenelg Shire Council.

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.

For those infrastructure categories that reflect a diverse range of assets, for example, Recreation and Community facilities, the majority of inputs are unobservable. To overcome this limitation, and to improve the accuracy of data, council considers that utilising the year on year changes in level one data from other projects is reasonable to provide a more accurate assessment of the need to revalue an asset group. If level one data is not available, council utilises level 2 data derived from standard projects created in Cordell Estimator to assess year on year movements in value. The new data is compared to the last revaluation, and a new revaluation is prepared if required.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation	Type of Valuation
Roads	-	-	235,602	Jun-20	Full
Bridges	-	-	24,252	Jun-20	Full
Footpaths and cycle ways	-	-	17,075	Jun-20	Full
Drainage	-	-	40,435	Jun-20	Full
Recreational, leisure and community facilities	-	-	31,787	Jun-20	Full
Waste management	-	-	2,731	Jun-20	Full
Parks, open space and streetscapes	-	-	200	Jun-20	Full
Aerodromes	-	-	12,119	Jun-20	Full
Other infrastructure	-	-	1,012	Jun-20	Full
Total	-	-	365,213		

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 6.1 Property, infrastructure, plant and equipment (continued)

### 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 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$2.07 and \$5,400 per square.

*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 is calculated on a square metre basis and ranges from \$305 to \$5,400 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 50 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 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 10 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.

	2023	2022
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	63	14
Parks and reserves	21,072	18,683
Total specialised land	<u>21,135</u>	<u>18,697</u>

## Note 7 PEOPLE AND RELATIONSHIPS

### 7.1 Council and key management remuneration

#### (a) Related Parties

##### Parent entity

Glenelg Shire Council is the parent entity.

##### Related entity

Local Port of Portland Bay is a Related entity.

##### Subsidiaries and Associates

Glenelg Shire Council has no subsidiaries and associates.

#### (b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Glenelg Shire Council. The Councillors, Chief Executive Officer and Executive Team are deemed KMP. Details of KMP at any time during the year are:

		2023	2022	
		No.	No.	
Councillors	Councillor Scott Martin	1	1	
	Councillor Anita Rank	1	1	
	Councillor Chrissy Hawker	1	1	
	Councillor Karen Stephens	1	1	
	Councillor Gilbert Wilson	1	1	
	Councillor Michael Carr	1	1	
	Councillor Jayden Smith	1	1	
Executive	Paul Phelan (CEO from 13 Jan 2023), Director - Community and Director - Assets)	1	1	
	Greg Burgoyne (Chief Executive Officer ceased 13 Jan 2023)	1	1	
	David Hol (Director Corporate Services)	1	1	
	Ann Kirkham (Chief Information Officer & Acting Manager of Organisational Development (OD))	1	1	
	Jayne Miller (Director Community - Commenced May 2023)	1	-	
	Stuart Husband (Director - Assets - Commenced May 2023)	1	-	
	Edith Farrell (Director - Assets - Ceased September 2021)	-	1	
	Chris Saunders (Acting Director - Assets - Ceased May 2023)	1	1	
	Melanie Bennett (Director Community - Commenced December 2022)	1	-	
	Symonne Robinson (Manager - Organisational Development (OD) - Ceased September 2022)	1	1	
	Summary:			
	Total Number of Councillors		7	7
Total of Chief Executive Officer and other Key Management Personnel		9	7	
Total Number of Key Management Personnel		<u>16</u>	<u>14</u>	

#### (c) Remuneration of Key Management Personnel

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

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

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

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

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



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 7.1 People and relationships (continued)

### (c) Remuneration of Key Management Personnel (continued)

	2023	2022
Total remuneration of key management personnel was as follows:	\$'000	\$'000
Short-term benefits	1,441	1,485
Other Long-term benefits	19	-
Post-employment benefits	112	111
Termination benefits	190	49
<b>Total</b>	<b>1,762</b>	<b>1,645</b>
	No.	No.

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

Income Range:	2023	2022
\$20,000 - \$29,999	2	5
\$30,000 - \$39,999	2	-
\$40,000 - \$49,999	3	1
\$50,000 - \$59,999	1	-
\$80,000 - \$89,999	1	-
\$90,000 - \$99,999	1	1
\$100,000 - \$109,999	-	1
\$130,000 - \$139,999	-	1
\$140,000 - \$149,999	1	-
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	1	1
\$260,000 - \$269,999	1	-
\$290,000 - \$299,999	1	1
<b>Total</b>	<b>16</b>	<b>14</b>

### (d) Remuneration of other senior staff:

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$160,000 and who report directly to a member of the KMP. \*

	2023	2022
Total remuneration of other senior staff was as follows:	\$	\$
Short-term employee benefits	452	955
Other long-term employee benefits	11	-
Post-employment benefits	47	85
Termination benefits	-	-
<b>Total</b>	<b>510</b>	<b>1,040</b>

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

Income Range:	2023	2022
\$160,000 - \$169,999	No.	No.
\$170,000 - \$179,999	1	-
	2	1
<b>Total</b>	<b>3</b>	<b>1</b>

**Total remuneration for the reporting year for other senior staff included above, amounted to:**

	510	1,040
--	-----	-------

\* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the Local Government Act 1989.

7.2 Related party disclosure	2023	2022
(a) Transactions with related parties	\$'000	\$'000

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

#### Transactions between Council and KMP -

There were no transactions between Council and KMP's other than the remuneration disclosed in note 7.1 & 7.2 and reimbursement of expenses

#### Transactions between Council and close Family Members of KMP -

There were no material transactions between Council and close Family Members of KMP's

#### Transactions between Council and Entities controlled or jointly controlled by KMP or Close Family Members -

Councillor Scott Martin - SL & DA Martin controlled by Scott & close Family Member	21	-
Councillor Karen Stephens - A close family member was a KMP at Casterton Memorial Hospital	-	118
Councillor Gilbert Wilson - Hollands Picture Framing controlled by close Family Member	1	2
Councillor Michael Carr - G R Carr Pty Ltd controlled by a close Family Member		
- Capital Contract Payments	1,310	2,407
- Non Contract Payments	17	54
KMP Ann Kirkham - McIntyre Clan Investments Pty Ltd is controlled by Family Members	37	35

All dealings are in the normal course of business and are on normal commercial terms and conditions.

(b) Outstanding balances with related parties	2023	2022
	\$'000	\$'000

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

Councillor Scott Martin - SL & DA Martin - Balance owed to Council	1	-
Councillor Karen Stephens - Casterton Memorial Hospital	-	22
Councillor Michael Carr - G R Carr Pty Ltd - Amount payable by Council	9	576

### (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:

There were no loans in existence at balance date to/from related parties

(d) Commitments to/from related parties	2023	2022
	\$'000	\$'000

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 -

Councillor Karen Stephens - Casterton Memorial Hospital		
Contract CT 2017-18-28 1 Year Commitment	-	63
Contract CT 2018-19-02 6mth Commitment	-	27
Councillor Michael Carr - G R Carr Pty Ltd controlled by close Family Member		
Contract CT 2021-22-02 - Portland Foreshore Connecting Pathways	-	1,091
Contract CT 2021-22-49 - Portland Pump Track	-	99
Contract CT 2021-22-39 - North Portland Pathways	-	267
Contract CT 2021-22-08 - Cape Bridgewater Master plan - Stage 2 - Pathways etc	1,605	-

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 7.3 Local Port of Portland Bay

The Glenelg Shire Council is the Committee of Management for the Local Port of Portland Bay. The assets and liabilities of the Local Port of Portland Bay have been included in the GSC Financial Statements and are summarised below:

	2023 \$'000	2022 \$'000
Assets		
Current Assets		
Cash and Cash Equivalents	-	-
Trade and Other Receivables	66	24
Total Current Assets	<u>66</u>	<u>24</u>
Non-Current assets		
Property, infrastructure, plant and equipment	963	948
Total Non-Current Assets	<u>963</u>	<u>948</u>
Total Assets	<u>1,028</u>	<u>971</u>
Liabilities	-	-
Net Assets	<u>1,028</u>	<u>971</u>
Represented by:		
Accumulated Surplus	1,028	971
Equity	<u>1,028</u>	<u>971</u>

The Operation of the Local Port of Portland Bay (Trawler Wharf) is an agreement between the Glenelg Shire Council and the Department of Transport and Planning (DTP). Any assets are returnable on cessation of the agreement. The current agreement is due to expire at 30 September 2023, with expectations that a further agreement will be offered prior to 30 September 2023.

## Note 8 MANAGING UNCERTAINTIES

### 8.1 Contingent assets and liabilities

#### (a) Contingent assets

Council has no contingent assets as at 30 June 2023.

#### (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 landfill. Council will have to carry out site rehabilitation works in the future. At balance date Council is able to assess the financial implications of such works which is recognised as a provision in Note 5.5.

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.

#### 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.

#### (c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

Council has a Commonwealth Bank security deposit guarantee (\$508,480) for the Victorian Environmental Protection Agency in association with the operation of the Portland Landfill site.

Council has security deposit guarantees (\$121,000) for the Ministry for Energy & Resources in association with the operation of 5 quarry sites.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 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 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 that are expected to impact Council.

### 8.3 Financial instruments

#### (a) Objectives and policies

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

#### (b) Market risk

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

##### *Interest rate risk*

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

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

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

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

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

#### (c) Credit risk

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

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

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

### 8.3 Financial instruments (continued)

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

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

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

#### (d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(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 + .5% and -.5% in market interest rates (AUD) from year-end rates of 4.35%.

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

### 8.4 Fair value measurement

#### *Fair value hierarchy*

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## Note 8 Managing uncertainties (continued)

### 8.4 Fair value measurement (continued)

#### Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 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	1-2 years
Buildings	1-2 years
Roads	3 years
Bridges	3 years
Footpaths and cycleways	3 years
Drainage	4 years
Recreational, leisure and community facilities	3 years
Waste management	3 years
Parks, open space and streetscapes	3 to 6 years
Aerodromes	3 years
Other infrastructure	6 years

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

#### Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. COVID-19 environment may influence impairment assessments.

### 8.5 Events occurring after balance date

#### EPA Licence

A letter has been received by Council dated 18 August 2023 advising that the Environment Protection Act 2017 Authority has approved the release of all Financial Assurance. The Bank guarantee in the name of EPA Victoria for \$508,840 is no longer required and will be returned to Council.

## Note 9 OTHER MATTERS

### 9.1 Reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves			
2023			
Property			
Land and land improvements	27,744	4,661	32,405
Buildings	47,496	6,308	53,804
	75,240	10,969	86,209
Infrastructure			
Roads	165,892	240	166,132
Bridges	6,217	-	6,217
Footpaths and cycle ways	4,555	-	4,555
Drainage	49,567	-	49,567
Recreational, leisure and community facilities	10,515	-	10,515
Waste management	659	-	659
Parks, open space and streetscapes	6,258	-	6,258
Aerodromes	1,590	-	1,590
	245,253	240	245,493
Total asset revaluation reserves	320,493	11,209	331,702
2022			
Property			
Land and land improvements	18,190	9,554	27,744
Buildings	46,878	618	47,496
	65,068	10,172	75,240
Infrastructure			
Roads	165,791	101	165,892
Bridges	6,217	-	6,217
Footpaths and cycle ways	4,517	38	4,555
Drainage	49,507	60	49,567
Recreational, leisure and community facilities	10,510	5	10,515
Waste management	682	(23)	659
Parks, open space and streetscapes	6,258	-	6,258
Aerodromes	1,862	(272)	1,590
	245,344	(91)	245,253
Total asset revaluation reserves	310,412	10,081	320,493
The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.			
(b) Public Open Space Reserve	\$'000	\$'000	\$'000
2023			
Public Open Space Reserve	457	-	457
	457	-	457
2022			
Public Open Space Reserve	457	-	457
	457	-	457

The collection of public open space through land or payment via fee is governed under Section 18 of the Subdivision Act 1988. Any collection of monies under this must in turn be spent on public open space, either improving existing or buying land for that purpose.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Note 9 Other matters (continued)

	2023	2022
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	2,723	(2,668)
Depreciation and amortisation	11,175	12,803
Net loss on disposal of property, infrastructure, plant and equipment	1,871	2,447
Reserve adjustment	(72)	-
Landfill provision adjustment	1,051	1,597
Finance costs	20	23
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(222)	496
(Increase)/decrease in prepayments	(158)	553
(Increase)/decrease in inventories	(22)	316
(Decrease)/increase in trade and other payables	(1,250)	43
(Decrease)/increase in unearned income /revenue	(3,408)	(447)
(Decrease)/increase in other liabilities	(600)	75
Increase/(decrease) in provisions - employee	89	(574)
Net cash provided by/(used in) operating activities	11,199	14,664

Note 9 Other matters (continued)

## 9.3 Superannuation

Glenelg Shire 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 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10.0%)).

### 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.

A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

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

As at 30 June 2022, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.2%. The financial assumptions used to calculate the VBI were:

Net investment returns	5.5% pa
Salary information	2.5% pa to 30 June 2023, and 3.5% pa thereafter
Price inflation (CPI)	3.0% pa

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). Vision Super has advised that the estimated VBI at June 2023 was 104.1%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Note 9 Other matters (continued)

9.3 Superannuation (continued)

*Employer contributions -*

A. Regular contributions

On the basis of the results of the 2022 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 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). 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 2022 interim valuation.

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

B. Funding calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Glenelg Shire 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.

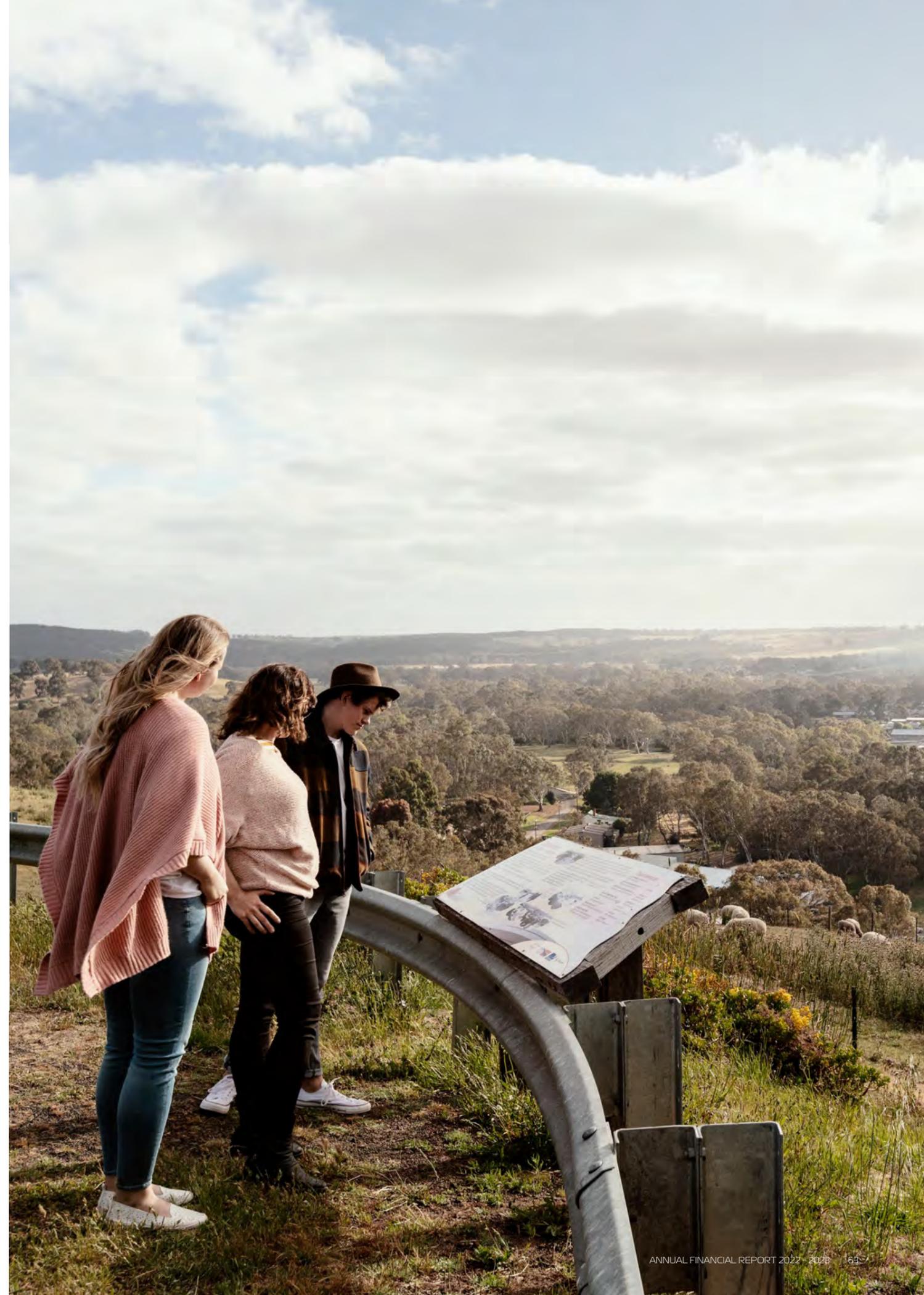
Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

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 2022 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 2022 and the last full investigation was conducted as at 30 June 2020.



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Note 9 Other matters (continued)

## 9.3 Superannuation (continued)

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

	2022 (Interim) \$m	2021 (Interim) \$m
- A VBI Surplus	44.6	214.7
- A total service liability surplus	105.8	270.3
- A discounted accrued benefits surplus	111.9	285.2

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 2022.

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 2022.

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 2022.

### The 2023 interim actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 December 2023. The financial assumptions for the purposes of this investigation are:

	2023 Triennial investigation	2020 Triennial investigation
Net Investment return	5.7% pa	5.6% pa
Salary Inflation	3.5% pa	2.5% pa, for the first two years and 2.75% 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 2023 are detailed below:

Scheme	Type of Scheme	Rate	2023 \$,000	2022 \$,000
Vision super	Defined benefits	10.5%(2022:10.0%)	86	113
Vision super	Accumulation	10.5%(2022:10.0%)	1,160	1,132

In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling \$967,000 (2021/22 \$851,000).

There were \$83,000 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$74,000.



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2022/23 year.





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