

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2022



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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.

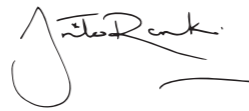


Lauren Easson CPA
Principal Accounting Officer
Date: 30/09/2022, Portland

In our opinion the accompanying financial statements present fairly the financial transactions of Glenelg Shire Council for the year ended 30 June 2022 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 Anita Rank
Councillor
Date: 30/09/2022, Portland



Cr Martin
Councillor
Date: 30/09/2022, Portland



Greg Burgoyne
Chief Executive Officer
Date: 30/09/2022
Portland



TO THE COUNCILLORS OF GLENELG SHIRE COUNCIL

Opinion I have audited the financial report of Glenelg Shire Council (the council) which comprises the:

- balance sheet as at 30 June 2022
- comprehensive income statement for the year then ended
- statement of changes in equity for the year then ended
- statement of cash flows for the year then ended
- statement of capital works for the year then ended
- notes to the financial statements, including significant accounting policies
- certification of the financial statements.

In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the Local Government Act 2020, the Local Government (Planning and Reporting) Regulations 2020 and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the Audit Act 1994 which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the Auditor's Responsibilities for the Audit of the Financial Report section of my report.

My independence is established by the Constitution Act 1975. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion

Councillors' responsibilities for the financial report The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Councillors' responsibilities for 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
12 October 2022



Travis Derricott
as delegate for the Author-General of Victoria

FINANCIAL STATEMENTS

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$'000	2021 \$'000
Income			
Rates and charges	3.1	27,526	27,285
Statutory fees and fines	3.2	1,015	1,082
User fees	3.3	3,333	2,637
Grants - operating	3.4	18,012	16,564
Grants - capital	3.4	9,244	6,980
Contributions - monetary	3.5	136	123
Other income	3.7	1,021	489
Total income		60,287	55,159
Expenses			
Employee costs	4.1	(24,771)	(23,447)
Materials and services	4.2	(18,031)	(17,253)
Depreciation	4.3	(12,605)	(12,880)
Amortisation - right of use assets	4.4	(198)	(132)
Bad and doubtful debts	4.5	(7)	(9)
Borrowing costs	4.6	(1)	(2)
Finance costs - leases	4.7	(23)	(21)
Net loss on disposal of property, infrastructure, plant and equipment	3.6	(2,449)	(1,512)
Other expenses - Landfill provision adjustment	5.5	(1,597)	2,551
Other expenses	4.8	(3,273)	(2,640)
Total expenses		(62,955)	(55,345)
Surplus/(deficit) for the year		(2,668)	(186)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	9.1	10,081	(806)
Total comprehensive result		7,413	(992)

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

BALANCE SHEET AS AT 30 JUNE 2022

	NOTE	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	16,571	27,790
Trade and other receivables	5.1	2,439	2,935
Inventories	5.2	192	508
Non-current assets classified as held for sale	6.1	-	335
Other assets	5.2	393	946
Total current assets		19,595	32,514
Non-current assets			
Property, infrastructure, plant and equipment	6.2	460,081	450,505
Right of use assets	5.8	442	451
Total non-current assets		460,523	450,956
Total assets		480,117	483,470
Liabilities			
Current liabilities			
Trade and other payables	5.3	4,166	4,123
Trust funds and deposits	5.3	1,767	1,693
Unearned income	5.3	10,852	11,299
Provisions	5.5	5,518	9,087
Interest-bearing liabilities	5.4	557	1,032
Lease liabilities	5.8	194	161
Total current liabilities		23,054	27,395
Non-current liabilities			
Provisions	5.5	9,966	9,262
Interest-bearing liabilities	5.4	711	7,801
Lease liabilities	5.8	264	301
Total non-current liabilities		10,941	17,364
Total liabilities		33,995	44,759
Net assets		446,121	438,709
Equity			
Accumulated surplus		125,171	127,840
Reserves	9.1	320,950	310,869
Total Equity		446,121	438,709

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserve \$'000
2022					
Balance at beginning of the financial year		438,709	127,840	310,412	457
Deficit for the year		(2,668)	(2,668)	-	-
Net asset revaluation increment/(decrement)	9.1	10,081	-	10,081	-
Balance at end of the financial year		446,121	125,172	320,493	457
2021					
Balance at beginning of the financial year		439,701	128,483	311,218	-
Deficit for the year		(186)	(186)	-	-
Transfer to Other Reserve			(457)	-	-
Net asset revaluation increment/(decrement)	9.1	(806)	-	(806)	-
Balance at end of the financial year		438,709	127,840	310,412	457

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Inflows/ (outflows) \$'000	2021 Inflows/ (outflows) \$'000
Cash flows from operating activities			
Rates and charges		27,633	27,251
Statutory fees and fines		1,015	1,082
User fees		3,208	2,761
Grants - operating		18,585	16,701
Grants - capital		8,225	17,392
Contributions - monetary		136	123
Other receipts		1,021	489
Net GST refund		513	575
Employee costs		(25,346)	(22,898)
Materials and services		(13,842)	(12,711)
Other payments		(6,482)	(6,739)
Net cash provided by operating activities	9.2	14,666	24,025
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(15,144)	(12,992)
Payments for landfill rehabilitation works		(3,885)	(3,249)
Proceeds from sale of property, infrastructure, plant and equipment		710	443
Net cash used in investing activities		(18,319)	(15,798)
Cash flows from financing activities			
Finance costs		(1)	(2)
Repayment of borrowings		(7,565)	(542)
Interest paid - lease liability		-	(21)
Net cash used in financing activities		(7,566)	(565)
Net increase (decrease) in cash and cash equivalents		(11,219)	7,661
Cash and cash equivalents at the beginning of the financial year		27,790	20,129
Cash and cash equivalents at the end of the financial year	5.1	16,571	27,790
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

STATEMENT OF CAPITAL WORKS FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$'000	2021 \$'000
Property		
Buildings	1,000	410
Total buildings	1,000	410
Total property	1,000	410
Plant and equipment		
Plant, machinery and equipment	1,292	1,154
Heritage plant and equipment	-	6
Computers and telecommunications	-	19
Library books	94	81
Total plant and equipment	1,386	1,260
Infrastructure		
Roads	3,044	5,079
Footpaths and street furniture	410	90
Drainage	26	1,038
Recreational, leisure and community facilities	1,800	889
Off street car parks	-	22
Aerodrome	491	875
Parks, open space and streetscapes	6,988	3,326
Other infrastructure	-	3
Total infrastructure	12,759	11,322
Total capital works expenditure	15,145	12,992
Represented by:		
New asset expenditure	8,725	4,504
Asset renewal expenditure	4,863	4,918
Asset upgrade expenditure	1,556	3,570
Total capital works expenditure	15,145	12,992

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

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

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.

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- 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)

- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements

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

(b) Impact of COVID 19 pandemic on Glenelg Shire Council operations and 2021/22 financial report:

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, known as coronavirus. A state of disaster was subsequently declared on 2 August 2020. The State of disaster was withdrawn on 28 October 2020 and the state of emergency lifted on 15 December 2021. While the impacts of the pandemic have abated somewhat through the 2021-22 year, Council has noted the following impacts on its financial operations:

- Additional revenue – additional capital grants were received for significant infrastructure projects, as well as additional operating grants received to provide support and to stimulate the community.
- Revenue foregone – in response to the pandemic Council removed parking fees from the fees and charges schedule and waived lease income for specified commercial rent agreements.
- Additional costs – additional costs associated with COVID requirements for maintenance and cleaning of facilities was experienced. Continued business support was also provided with the continuation of the Business support vouchers and Retail Façade improvement grants.
- Council initiated a specific Hardship Guideline for COVID-19 in response to this crisis in March 2020 which is still relevant in the 2021/22 FY.
- Council has concluded there was no significant impact on the carrying values of financial and non-financial assets.



Note 2

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 29 June 2021. 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 and expenditure	Budget 2022 \$'000	Actual 2022 \$'000	Variance 2022 \$'000	Variance %	Ref
Income					
Rates and charges	27,626	27,526	(100)	0%	
Statutory fees and fines	958	1,015	57	6%	
User fees	2,643	3,333	690	26%	1
Grants - operating	14,343	18,012	3,669	26%	2
Grants - capital	6,610	9,244	2,634	40%	3
Contributions - monetary	200	136	(64)	-32%	
Other income	718	1,021	303	42%	
Total income	53,098	60,287	7,189	14%	
Expenses					
Employee costs	(24,993)	(24,771)	222	-1%	
Materials and services	(18,938)	(18,031)	908	-5%	
Depreciation	(9,000)	(12,605)	(3,605)	40%	4
Amortisation - Right of use assets	(188)	(198)	(10)	6%	
Bad and doubtful debts	-	(7)	(7)	100%	
Borrowing costs	(193)	(1)	192	-100%	
Finance Costs - Leases	(24)	(23)	1	-5%	
Net loss on disposal of property, infrastructure, plant and equipment	-	(2,449)	(2,449)	100%	5
Other expenses - Landfill provision adjustment	-	(1,597)	(1,597)	100%	6
Other expenses	(1,485)	(3,273)	(1,788)	120%	7
Total expenses	(54,821)	(62,955)	(8,134)	15%	
Surplus/(deficit) for the year	(1,724)	(2,668)	(945)	55%	

Note 2.1 PERFORMANCE AGAINST BUDGET (CONTINUED)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	User fees	Increased User fees compared to budget due to conservative budgeting for 21/22 based on COVID impacts.
2	Grants - operating	The early instalment payment for 22/23 Victoria Local Government Grants Commission (VLGGC) was \$3.8M higher than expected. This will have the effect of reducing VLGGC funding payments in 22/23.
3	Grants - capital	Unbudgeted Capital Grant funding of \$2.3M was received for Local Roads and Community Infrastructure (LRCI) stimulus projects (due to COVID) from the Commonwealth Government. LRCI funding was confirmed after the 21/22 Budget was prepared.
4	Depreciation	The Depreciation budget for 21/22 was based on 19/20 asset values, which was prior to depreciation being calculated for 20/21 based on revalued assets. Depreciation for 21/22 is similar to actuals for 20/21.
5	Net loss on disposal of property, infrastructure, plant and equipment	Disposal of property, infrastructure, plant and equipment is not budgeted. Disposals include the sale of light and heavy fleet depending on the annual renewal program, and also the write-off of residual values of roads and other infrastructure based on completed capital works
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	Expenditure for advertising increased by \$82k, contributions and donations increased by \$36k due to various Covid initiatives and expenditure related to the ongoing pandemic accounted for \$56k. Storm damage related costs incurred in 21/22 accounted for \$23k. Accrued expenditure related to MAV Workcare wind down costs amounted to \$685k. The remaining variance was due to capital expenditure incurred for non Council owned assets which were fully funded by grant income.

Note 2.1 Performance against budget (continued)

2.1.2 Capital works	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Property					
Buildings	375	1,000	625	167%	1
Total buildings	375	1,000	625	167%	
Total property	375	1,000	625	167%	
Plant and equipment					
Plant, machinery and equipment	1,135	1,292	157	14%	
Fixtures, fittings and furniture	10	-	(10)	-100%	
Heritage plant and equipment	10	-	(10)	-100%	
Library books	95	94	(1)	-1%	
Total plant and equipment	1,250	1,386	136	-187%	
Infrastructure					
Roads	3,205	3,044	(161)	-5%	
Bridges	400	-	(400)	-100%	
Footpaths and cycle ways	50	410	360	719%	
Drainage	50	26	(24)	-47%	
Recreational, leisure and community facilities	4,890	1,800	(3,090)	-63%	2
Waste management	280	-	(280)	-100%	
Parks, open space and streetscapes	1,810	6,988	5,178	286%	3
Off street car parks	50	-	(50)	-100%	
Aerodrome	-	491	491	0%	
Other infrastructure	500	-	(500)	-100%	4
Total infrastructure	11,235	12,759	1,524	14%	
Total capital works expenditure	12,860	15,145	2,285	18%	
Represented by:					
New asset expenditure	6,850	8,725	1,875	27%	
Asset renewal expenditure	5,750	4,863	(887)	-15%	
Asset upgrade expenditure	260	1,556	1,296	498%	
Total capital works expenditure	12,860	15,145	2,285	18%	

Note 2.1 PERFORMANCE AGAINST BUDGET (CONTINUED)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	\$277k (74% of the \$375k Adopted Budget) was expended on Building renewal works in 21/22 with an additional \$723k being spent on buildings mostly funded from Local Roads and Infrastructure COVID stimulus funding.
2	Recreational, leisure and community facilities	Included in the \$4.89M Budget was the \$4.7M Alexandra Park project. \$114k of this budget was been spent in 21/22 with the remaining \$4.6M to be carried forward to 22/23 for completion. Other budgeted amounts completed include the annual renewal works scheduled at various playgrounds. An additional \$1.39M of unbudgeted expenditure was spent on Recreation, leisure and community facilities funded from Local Roads and Infrastructure COVID stimulus funding, which included significant lighting upgrades at Heywood and Island Park, Casterton. Other community facility initiatives incurred \$92k of unbudgeted expenditure.
3	Parks, open space and streetscapes	Budgeted projects for 21/22 saw \$107k of the \$160k Renewal program expended, as well as \$2.2M of Bridgewater infrastructure works carried out in 21/22. Unbudgeted works carried out in 21/22 included \$388k of works funded from Local Roads and Infrastructure COVID stimulus funding; \$3.3M of Portland Foreshore infrastructure (these works will be partially funded by \$3M of Grant funding); \$774k of Marina extension works (these works were funded by \$450k of grant funding).
4	Other infrastructure	This budget will be carried forward into 2022/23 for construction of the Thermal Loop, Portland.

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2a 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 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.

NOTES TO FINANCIAL STATEMENTS

Note 2.2 ANALYSIS OF COUNCIL RESULTS BY PROGRAM (CONTINUED)

2.2 (b) Summary of income, expenses, assets and capital expenses by program 2022	Income \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
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

2.2 (b) Summary of income, expenses, assets and capital expenses by program 2021	Income \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
Chief Executive Department	623	3,671	(3,048)	453	2,107
Corporate Services	33,314	11,356	21,957	6,702	83,761
Community Services	9,152	9,800	(648)	7,722	35,941
Assets	12,231	29,869	(17,638)	8,667	361,661
Other	(161)	648	(809)	-	-
	55,159	55,345	(186)	23,544	483,470

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES

Note 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 2021/22 was \$6.175 billion (2020/21 \$5.65 billion).

	2022 \$'000	2021 \$'000
General rates	10,481	10,427
Waste Charges	2,482	2,416
Special rates and charges - Industrial Agreement	5,041	5,222
Service rates and charges - Commercial/Industrial Land	1,494	1,539
Service rates and charges - Primary Production Land	8,000	7,654
Interest on rates and charges	4	4
Service rates and charges - Cultural and Recreation Land	24	24
Total rates and charges	27,526	27,285

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2022, and the valuation will be first applied in the rating year commencing 1 July 2022. 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.

Note 3.2 Statutory fees and fines

	2022 \$'000	2021 \$'000
Infringements and costs	33	40
Town planning fees	768	849
Permits	214	193
Total statutory fees and fines	1,015	1,082

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.

Note 3.3 User fees

	2022 \$'000	2021 \$'000
Waste management services	1,193	894
Aged and health services	812	767
Child care / children's programs	667	546
Caravan Park Income	186	131
Council Owned Local Port	159	170
Other fees and charges	316	130
Total user fees	3,333	2,637
User fees by timing of revenue recognition		
User fees recognised at a point in time	3,333	2,637
Total user fees	3,333	2,637

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

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (CONTINUED)

Note 3.4 Funding from other levels of government

Grants were received in respect of the following :

	2022 \$'000	2021 \$'000
Summary of Grants		
Commonwealth funded grants	18,835	15,707
State funded grants	8,421	7,837
Total Grants received	27,256	23,544

(a) Operating Grants	2022 \$'000	2021 \$'000
Recurrent - Commonwealth Government		
Childrens Services	-	29
Financial Assistance Grants	11,832	8,775
Aged & Disability Services	1,224	1,170
Recurrent - State Government		
Aged & Disability Services	358	353
Childrens Services	773	911
Library Services	7	7
Maternal & Child Health	471	451
Emergency Response (MECC)	146	146
Youth Services	116	69
Local Port	186	186
Environmental Health	26	11
Other	-	75
Total Recurrent Operating Grants	15,139	12,183

(a) Operating Grants continued	2022 \$'000	2021 \$'000
Non-Recurrent - Commonwealth Government		
Childrens Services	1,189	1,314
Planning	1	-
Aged & Disability Services	29	12
Non-Recurrent - State Government		
Aged & Disability Services	9	1
Arts & Culture	91	120
Buildings	5	-
Childrens Services	805	802
Community Wellbeing	37	2
Economy & Investment	200	280
Emergency Response (MECC)	63	218
Environmental Health	-	20
Environmental Planning	116	79
Library Services	228	209
Local Laws	20	-
Local Port Better Boating	82	81
Maternal & Child Health	5	-
Organisational Development	-	99
School Crossing Supervisors	62	60
Special Projects	6	-
Tourism & Events Management	-	75
Youth Services	51	56
Other *	(126)	953
Total Non-Recurrent Operating Grants	2,873	4,384
Total Operating Grants	18,012	16,564

* Note - \$126k refund due to unexpended grant funding recognised in 20/21 returned to Grantor in 21/22

(b) Capital Grants	2022 \$'000	2021 \$'000
Recurrent - Commonwealth Government		
Roads to recovery	2,217	2,774
Total recurrent capital grants	2,217	2,774
Non-recurrent - Commonwealth Government		
Airports	50	496
Recreational & Community Facilities	2,293	1,137
Non-recurrent - State Government		
Roads	177	768
Infrastructure	4,328	558
Recreational & Community Facilities	179	1,247
Total Non-Recurrent Capital Grants	7,027	4,206
Total Capital Grants	9,244	6,980

NOTES TO FINANCIAL STATEMENTS

Note 3.4 Funding for the delivery of our services (continued)

(c) Unspent grants received on condition that they be spent in a specific manner	2022 \$'000	2021 \$'000
Operating		
Balance at start of year	412	209
Received during the financial year and remained unspent at balance date	814	308
Received in prior years and spent during the financial year	(241)	(104)
Balance at year end	986	412
Capital		
Balance at start of year	10,780	368
Received during the financial year and remained unspent at balance date	2,940	10,780
Received in prior years and spent during the financial year	(3,959)	(368)
Balance at year end	9,761	10,780

(d) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 Revenue from Contracts with Customers. When both these conditions are satisfied, the Council:

- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.

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

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

	2022 \$'000	2021 \$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	12,686	9,985
Specific purpose grants to acquire non-financial assets	9,244	6,98
Other Specific Purpose Grants	3,214	5,393
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	2,112	1,186
	27,256	23,544

Note 3.5 Contributions

	2022 \$'000	2021 \$'000
Monetary	136	123
Total contributions	136	123

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 2021/2022.

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

	2022 \$'000	2021 \$'000
Proceeds of sale	710	443
Written down value of assets disposed and written off	(3,159)	(1,955)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(2,449)	(1,512)

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.

Note 3.7 Other income

	2022 \$'000	2021 \$'000
Interest	46	43
Reimbursements	383	198
Sales and Commission	329	226
Other miscellaneous	263	21
Total other income	1,021	488

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

Note 4 THE COST OF DELIVERING SERVICES

Note 4.1

(a) Employee costs	2022 \$'000	2021 \$'000
Wages and salaries	20,684	18,779
WorkCover	393	545
Superannuation	2,182	1,856
Fringe benefits tax	138	130
Other employee costs	1,611	2,368
Salary expenses capitalised	(237)	(230)
Total employee costs	24,771	23,447

(a) Superannuation	2022 \$'000	2021 \$'000
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	113	115
	113	115
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,132	1,174
Employer contributions - Ausuper	154	97
Employer contributions - Hostplus	121	74
Employer contributions - CBUS	81	37
Employer contributions - Rest	51	47
Employer contributions - other funds	444	312
	1,983	1,741
Employer contributions payable at reporting date	80	71

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

Note 4.2 Materials and services

	2022 \$'000	2021 \$'000
Contract payments	11,197	12,535
Material expenses - general	3,672	1,928
Utilities	1,243	1,076
Office administration	165	147
Information technology	883	736
Insurance	871	832
Total materials and services	18,031	17,253

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

Note 4.3 Depreciation

	2022 \$'000	2021 \$'000
Property	3,014	3,505
Plant and equipment	1,131	1,253
Infrastructure	8,460	8,122
Total depreciation	12,605	12,880

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

Note 4.4 Amortisation - Right of use assets

	2022 \$'000	2021 \$'000
Plant and equipment	198	132
Total Amortisation - Right of use assets	198	132

Note 4.5 4.5 Bad and doubtful debts

	2022 \$'000	2021 \$'000
Other debtors	7	9
Total bad and doubtful debts	7	9
Movement in provisions for doubtful debts		
Balance at the beginning of the year	9	25
New provisions recognised during the year	48	9
Amounts already provided for and written off as uncollectible	(3)	-
Amounts provided for but recovered during the year	(6)	(25)
Balance at end of year	48	9

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

NOTES TO FINANCIAL STATEMENTS

Note 4 THE COST OF DELIVERING SERVICES (CONTINUED)

Note 4.6 Borrowing costs

	2022 \$'000	2021 \$'000
Interest - Borrowings	1	2
Total borrowing costs	1	2

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.

Note 4.7 Finance Costs - Leases

	2022 \$'000	2021 \$'000
Interest - Lease Liabilities	23	21
Total borrowing costs	23	21

Note 4.8 Other expenses

	2022 \$'000	2021 \$'000
VAGO Audit Fees - audit of the financial & performance statements and grant acquittals	42	40
Councillors' allowances	279	251
Seminars and training course fees	350	307
Memberships	284	424
Communication expenses	321	289
Advertising	213	221
Travel and accommodation	43	38
Statutory expenses	304	301
Bank fees	60	57
Other expenses	181	234
MAV WorkCare Scheme Liability	685	-
Contributions and donations	511	478
Total other expenses	3,273	2,640

Note 5 OUR FINANCIAL POSITION

Note 5.1 Financial assets

(a) Cash and cash equivalents	2022 \$'000	2021 \$'000
Cash on hand	8	8
Cash at bank	16,563	27,782
Total cash and cash equivalents	16,571	27,790
Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 5.3)	1,767	1,693
- Open Space Reserve (Note 9.1b)	457	457
Total restricted funds	2,224	2,150
Total unrestricted cash and cash equivalents	14,347	25,640
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- cash held to fund carried forward capital works	9,761	10,780
Total funds subject to intended allocations	9,761	10,780

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.

(b) Trade and other receivables	2022 \$'000	2021 \$'000
Current		
Statutory receivables		
Rates debtors	1,035	1,143
Net GST Receivable		
Non Statutory receivables	531	1,044
Other debtors	908	744
Provision for doubtful debts - other debtors	(48)	(9)
Other assets	4	4
Total current trade and other receivables	2,430	2,926
Non-current		
Statutory receivables		
Special rate scheme	9	9
Total non-current trade and other receivables	9	9
Total trade and other receivables	2,439	2,935

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.

NOTES TO FINANCIAL STATEMENTS

Note 5 OUR FINANCIAL POSITION (CONTINUED)

Note 5.1 Financial assets (continued)

(c) Ageing of Receivables	2022 \$'000	2021 \$'000
The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:		
Current (not yet due)	731	556
Past due by up to 30 days	34	42
Past due between 31 and 180 days	32	104
Past due between 181 and 365 days	84	17
Past due by more than 1 year	27	25
Total trade and other receivables	908	744

(d) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$48k (2021: \$9k) were impaired. The amount of the provision raised against these debtors was \$48k (2021:\$9). 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.

	2022 \$'000	2021 \$'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	-	1
Past due between 181 and 365 days	48	4
Past due by more than 1 year	-	4
Total trade & other receivables	48	9

Note 5.2 Non-financial assets

(a) Inventories	2022 \$'000	2021 \$'000
Inventories held for distribution	192	508
Total inventories	192	508

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.

Note 5.2 Non-financial assets (continued)

(b) Other Assets	2022 \$'000	2021 \$'000
Prepayments	356	914
Accrued income	37	32
Total other assets	393	946

Note 5.3 Payables, trust funds and deposits and unearned income/revenue

(a) Trade and other payables	2022 \$'000	2021 \$'000
Non-statutory payables		
Trade payables	3,361	3,452
Accrued expenses	464	461
Statutory payables		
Fire Service Levy	167	178
Net GST payable	174	31
Total trade and other payables	4,166	4,123

(b) Unearned income/revenue	2022 \$'000	2021 \$'000
Grants received in advance - operating	986	412
Grants received in advance - capital	9,761	10,780
Other	105	108
Total unearned income/revenue	10,852	11,299

(c) Trust funds and deposits	2022 \$'000	2021 \$'000
Refundable deposits	1,263	1,309
Contract retentions	504	384
Total trust funds and deposits	1,767	1,693

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.

NOTES TO FINANCIAL STATEMENTS

Note 5 OUR FINANCIAL POSITION (CONTINUED)

Note 5.4 Interest-bearing liabilities

(c) Ageing of Receivables	2022 \$'000	2021 \$'000
Current		
Borrowings - secured (current)	557	1,032
	557	1,032
Non-current		
Borrowings - secured (non current)	711	7,801
	711	7,801
Total	1,268	8,833
Borrowings are secured by a charge over Council's Rate Revenue.		
The maturity profile for Council's borrowings is:		
Not later than one year	557	1,031
Later than one year and not later than five years	711	3,134
Later than five years	-	4,668
Total	1,268	8,833

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.

Note 5.5 Provisions

2022	Employee \$'000	Landfill restoration \$'000	Gravel Pit restoration \$'000	Total \$'000
Balance at beginning of the financial year	6,088	11,951	310	18,349
Additional provisions	1,575	(826)	0	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	5,513	9,663	308	15,484

2021	Employee \$'000	Landfill restoration \$'000	Gravel Pit restoration \$'000	Total \$'000
Balance at beginning of the financial year	5,539	17,751	318	23,608
Additional provisions	2,294	(711)	-	1,583
Movement due to change in estimates	-	-	-	-
Amounts used	(1,825)	(3,249)	(83)	(5,157)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	80	(1,840)	75	(1,685)
Balance at the end of the financial year	6,088	11,951	310	18,349

	2022 \$'000	2021 \$'000
Current		
Employee provisions	4,950	5,327
Landfill restoration	260	3,451
Gravel Pit restoration	308	310
	5,518	9,087
Current		
Employee provisions	563	761
Landfill restoration	9,403	8,500
Gravel Pit restoration	308	310
	9,966	9,262
Total	15,484	18,349

NOTES TO FINANCIAL STATEMENTS

Note 5 OUR FINANCIAL POSITION (CONTINUED)

Note 5.5 Provisions (continued)

(a) Employee provisions	2022 \$'000	2021 \$'000
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,418	988
Long service leave	248	207
	1,666	1,195
Current provisions expected to be wholly settled after 12 months		
Annual leave	852	1,344
Employee gratuity scheme	29	45
Long service leave	2,403	2,743
	3,284	4,132
Total current employee provisions	4,950	5,327
Non-current		
Long service leave	563	761
Total non-current employee provisions	563	761
Aggregate carrying amount of employee provisions:		
Current	4,950	5,327
Non-current	563	761
Total aggregate carrying amount of employee provisions	5,513	6,088

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.

	2022 \$'000	2021 \$'000
Key assumptions:		
- discount rate	3.85%	2.95%
- index rate	3.69%	1.49%

(b) Landfill restoration	2022 \$'000	2021 \$'000
Current provision - landfill	260	3,451
Non current provision - landfill	9,403	8,500
	9,663	11,951

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.

	2022 \$'000	2021 \$'000
Key assumptions:		
- discount rate	3.69%	1.49%
- index rate	5.09%	1.10%

(c) Gravel pit restoration	2022 \$'000	2021 \$'000
Current Provision - Gravel/Limestone Pits	308	310
	308	310

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.

	2022 \$'000	2021 \$'000
Key assumptions:		
- discount rate	3.69%	1.49%
- index rate	3.69%	1.49%

NOTES TO FINANCIAL STATEMENTS

Note 5 OUR FINANCIAL POSITION (CONTINUED)

Note 5.6 Financing arrangements

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

	2022 \$'000	2021 \$'000
Bank overdraft	4,000	4,000
Loan facilities	1,268	8,832
Credit card facilities	200	200
Total lease liabilities	1,000	462
Total facilities	6,468	13,494
Used facilities	(1,758)	(9,309)
Unused facilities	4,710	4,185

Note 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.

2022	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Aquatic Facilities	781	767	510	-	2,058
Cleaning/Other Contracts	331	4	-	-	335
Consultancies	826	-	-	-	826
Home Care Services	32	-	-	-	32
IT	74	-	-	-	74
Maintenance Contracts	3,828	2,178	-	-	6,006
Maternal Child Health	624	-	-	-	624
Meals on Wheels	149	-	-	-	149
Roads	309	20	-	-	329
Security Services	2	-	-	-	2
Waste Management	2,433	-	-	-	2,433
Total	9,389	2,969	510	-	- 12,868

2022	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total
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

2021	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Aquatic Facilities	1,087	185	-	-	1,273
Cleaning/Other Contracts	178	110	4	-	291
Consultancies	653	-	-	-	653
Home Care Services	28	-	-	-	28
IT	294	74	-	-	368
Maintenance Contracts	4,213	2,398	2,178	-	8,789
Maternal Child Health	472	-	-	-	472
Meals on Wheels	149	-	-	-	149
Other	62	-	-	-	62
Roads	1,359	237	20	-	1,616
Security Services	5	-	4	-	9
Waste Management	3,263	1,118	-	-	4,381
Total	11,763	4,122	2,206	-	- 18,090

NOTES TO FINANCIAL STATEMENTS

Note 5 OUR FINANCIAL POSITION (CONTINUED)

Note 5.7 Commitments (continued)

2021	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Capital					
Infrastructure (Landfill & Henty Employment Precinct)	4,231	-	-	-	4,231
Portland Foreshore & Bridgewater Infrastructure	4,043				4,043
Aerodrome (Runway Reseal)	144				144
Roads	223	-	-	-	223
Total	8,641	-	-	-	8,641

Note 5.8 Leases

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

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

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

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

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

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

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

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

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

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

	Plant & equipment \$'000	Total \$'000
Right-of-Use Assets		
Balance at 1 July 2020	222	222
Additions	361	361
Amortisation charge	(132)	(132)
Balance at 30 June 2021	451	451
Balance at 1 July 2021	451	451
Additions	189	189
Amortisation charge	(198)	(198)
Balance at 30 June 2022	442	442
Lease Liabilities		
	2022	2021
Maturity analysis - contractual undiscounted cash flows		
Less than one year	211	180
One to five years	277	321
More than five years		-
Total undiscounted lease liabilities as at 30 June:	488	501
Lease liabilities included in the Balance Sheet at 30 June:		
Current	194	161
Non-current	264	301
Total lease liabilities	458	462

Short-term and low value leases

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

NOTES TO FINANCIAL STATEMENTS

Note 6 ASSETS WE MANAGE

Note 6.1 Non current assets classified as held for sale

	2022 \$'000	2021 \$'000
Cost of acquisition	-	335
Total non current assets classified as held for sale	-	335

Non-current assets classified as held for sale (including disposal groups) are measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

Note 6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying Amount 30 June 2021 \$'000	Additions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	Recognitions \$'000	WIP Expensed \$'000	Carrying Amount 30 June 2022 \$'000
Property	73,977	-	10,172	(3,014)	-	(1,408)	1,266	-	-	80,994
Plant and equipment	10,938	-	-	(1,131)	(133)	-	776	-	-	10,450
Infrastructure	362,299	-	(296)	(8,460)	-	(1,283)	11,159	204	-	363,623
Work in progress	3,291	15,145	-	-	-	-	(13,201)	-	(221)	5,014
Total	450,505	15,145	9,876	(12,605)	(133)	(2,691)	-	204	(221)	460,081

Summary of Work in Progress	Opening WIP \$'000	Additions \$'000	Expensed \$'000	Transfers \$'000	Closing WIP \$'000
Property	308	1,000	-	(1,266)	42
Plant and equipment	148	1,386	-	(776)	758
Infrastructure	2,835	12,759	(221)	(11,159)	4,214
Total	3,291	15,145	(221)	(13,201)	5,014

NOTES TO FINANCIAL STATEMENTS

Note 6 ASSETS WE MANAGE (CONTINUED)

Note 6.2 Property, infrastructure, plant and equipment (continued)

(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 2021	12,625	9,015	21,640	12,490	91,725	10,900	115,115	308	137,063
Accumulated depreciation at 1 July 2021	-	-	-	(9,189)	(48,770)	(4,820)	(62,779)	-	(62,779)
	12,625	9,015	21,640	3,301	42,955	6,080	52,336	308	74,284
Movements in fair value									
Additions	-	-	-	-	-	-	-	1,000	1,000
Contributions	-	-	-	-	-	-	-	-	-
Revaluation	6,072	3,482	9,554	250	7,240	1,701	9,191	-	18,745
Disposal	-	-	-	-	-	-	-	-	-
Write-off	-	(260)	(260)	-	(1,959)	-	(1,959)	-	(2,219)
Transfers	-	-	-	176	872	218	1,266	(1,266)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	6,072	3,222	9,294	426	6,153	1,919	8,498	(266)	17,526
Movements in accumulated depreciation									
Depreciation	-	-	-	(153)	(2,524)	(337)	(3,014)	-	(3,014)
Accumulated depreciation of revaluation	-	-	-	695	(7,197)	(2,071)	(8,573)	-	(8,573)
Accumulated depreciation of writeoff	-	-	-	-	812	-	812	-	812
Transfers	-	-	-	-	-	-	-	-	-
	-	-	-	542	(8,909)	(2,408)	(10,774)	-	(10,774)
At fair value 30 June 2022	18,697	12,237	30,934	12,916	97,878	12,819	123,613	42	154,589
Accumulated depreciation at 30 June 2022	-	-	-	(8,647)	(57,679)	(7,228)	(73,553)	-	(73,553)
Carrying amount	18,697	12,237	30,934	4,269	40,199	5,591	50,060	42	81,036



NOTES TO FINANCIAL STATEMENTS

Note 6 ASSETS WE MANAGE (CONTINUED)

Note 6.2 Property, infrastructure, plant and equipment (continued)

(b) Plant and Equipment	Heritage plant and equipment \$'000	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Library books \$'000	Work in progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2021	3,225	17,498	2,131	1,713	148	24,715
Accumulated depreciation at 1 July 2021	-	(10,465)	(1,879)	(1,287)	-	(13,631)
	3,225	7,033	252	426	148	11,08
Movements in fair value						
Additions	-	-	-	-	1,386	1,386
Contributions	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Disposal	-	(605)	-	-	-	(605)
Write-off	-	-	-	-	-	-
Transfers	-	653	29	94	(776)	-
Impairment losses recognised in operating result	-	-	-	-	-	-
	-	48	29	94	610	781
Movements in accumulated depreciation						
Depreciation	-	(896)	(80)	(155)	-	(1,131)
Accumulated depreciation of disposals	-	471	-	-	-	471
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	-	(425)	(80)	(155)	-	(660)
At fair value 30 June 2022	3,225	17,545	2,160	1,807	758	25,495
Accumulated depreciation at 30 June 2022	-	(10,890)	(1,959)	(1,442)	-	(14,291)
Carrying amount	3,225	6,655	201	365	758	11,205

NOTES TO FINANCIAL STATEMENTS

Note 6 ASSETS WE MANAGE (CONTINUED)

Note 6.2 Property, infrastructure, plant and equipment (continued)

(c) Infrastructure	Roads \$'000	Bridges \$'000	Footpaths and cycleways \$'000	Drainage \$'000	Recreational, leisure and community \$'000	Waste Management \$'000	Parks open spaces and streetscapes \$'000	Aerodromes \$'000	Off street car parks \$'000	Work in progress \$'000	Total infra- structure
At fair value 1 July 2021	325,397	46,072	33,635	79,801	46,061	3,912	549	16,916	1,856	2,834	557,033
Accumulated depreciation at 1 July 2021	(85,678)	(21,253)	(19,289)	(37,604)	(20,040)	(977)	(240)	(6,079)	(739)	-	(191,899)
	239,719	24,819	14,346	42,197	26,021	2,935	309	10,837	1,117	2,834	365,134
Movements in fair value											
Additions	-	-	-	-	-	-	-	-	-	12,759	12,759
Contributions	101	-	38	60	5	-	-	-	-	-	204
Revaluation	-	-	-	-	-	6	-	647	-	-	653
Disposal	-	-	-	-	-	-	-	-	-	-	-
Write-off	(2,392)	(252)	(799)	(609)	(216)	-	-	(375)	-	(221)	(4,864)
Transfers	2,934	-	440	82	6,311	-	-	1,392	-	(11,159)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
	643	(252)	(321)	(467)	6,100	6	-	1,664	-	1,380	8,753
Movements in accumulated depreciation											
Depreciation	(4,227)	(562)	(940)	(1,015)	(1,273)	(125)	(26)	(238)	(54)	-	(8,460)
Accumulated depreciation of revaluation	-	-	-	-	-	(29)	-	(920)	-	-	(949)
Accumulated depreciation of writeoffs	1,718	195	623	389	110	-	-	326	-	-	3,361
Transfers	-	-	-	-	-	-	-	-	-	-	-
	(2,509)	(367)	(317)	(626)	(1,163)	(154)	(26)	(832)	(54)	-	(6,048)
At fair value 30 June 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 30 June 2022	(88,187)	(21,620)	(19,606)	(38,230)	(21,203)	(1,131)	(266)	(6,911)	(793)	-	(197,947)
Carrying amount	237,854	24,199	13,708	41,104	30,958	2,787	283	11,669	1,063	4,214	367,839

NOTES TO FINANCIAL STATEMENTS

Note 6 ASSETS WE MANAGE (CONTINUED)

Note 6.2 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.

<i>Asset recognition thresholds and depreciation periods</i>	Depreciation Period \$'000	Threshold Limit \$'000
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	50-100 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.

NOTES TO FINANCIAL STATEMENTS

Note 6 ASSETS WE MANAGE (CONTINUED)

Note 6.2 Property, infrastructure, plant and equipment (continued)

Valuation of land and buildings

Valuation of land and buildings were undertaken by qualified independent valuers Aaron Armistead (AAPI CPV #18353) and Gareth Kent (AAPI CPV #63378) of 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 of the current valuation is detailed in the following table.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of valuation
Land - Non specialised	-	12,237	-	Jun-22
Specialised land	-	-	18,697	Jun-22
Heritage Buildings	-	-	4,269	Jun-22
Buildings	-	5,591	40,199	Jun-22
Total	-	17,828	63,165	

COVID-19 Disclosure - Land and building valuation data has been prepared at a time when COVID-19 is having a profound and unprecedented impact on global economies, stock markets and capital markets. Because of the lag in real estate market transactions there has not yet been a body of sales or leasing transaction evidence that reflects the prospect of worsening economic and or real estate market conditions.

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 of the current valuation is detailed in the following table.

The valuation is at fair value based on current replacement cost less accumulated depreciation as at the date of valuation. Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2022 are as follows on the next page:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of valuation
Roads	-	-	237,854	Jun-20
Bridges	-	-	24,199	Jun-20
Footpaths and cycle ways	-	-	13,708	Jun-20
Drainage	-	-	41,104	Jun-20
Recreational, leisure and community facilities	-	-	30,958	Jun-20
Waste management	-	-	2,787	Jun-20
Parks, open space and streetscapes	-	-	283	Jun-20
Aerodromes	-	-	11,669	Jun-20
Other infrastructure	-	-	1,063	Jun-20
Total	-	-	363,625	

COVID-19 Disclosure - Infrastructure asset values are not expected to be materially impacted by COVID-19 as at 30 June 2022. Formal revaluations were undertaken for Infrastructure assets during 2019/20 which were predominately based on unit rates from Council's works program and utilising Cordell's industry rates, and largely immune to the impacts of COVID-19.

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.

Reconciliation of specialised land	2022 \$'000	2021 \$'000
Land under roads	14	14
Parks and reserves	18,683	12,611
Total specialised land	18,697	12,625

NOTES TO FINANCIAL STATEMENTS

Note 7 PEOPLE AND RELATIONSHIPS

Note 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

Other associated entities are SouthWest Victoria Alliance, Rail Freight Alliance & Timber Towns.

(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 Directors and Manager of Organisational Development are deemed KMP.

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

		2022 No.	2021 No.
Councillors	Councillor Anita Rank	1	1
	Councillor Chrissy Hawker	1	1
	Councillor Karen Stephens	1	1
	Councillor Gilbert Wilson	1	1
	Councillor Michael Carr (Commenced role November 2020)	1	1
	Councillor Jayden Smith (Commenced role November 2020)	1	1
	Councillor Scott Martin (Commenced role November 2020)	1	1
	Councillor Robert Halliday (Ceased role October 2020)	-	1
	Councillor Alistair McDonald (Ceased role October 2020)	-	1
	Councillor Geoff White (Ceased role October 2020)	-	1
Executive	Greg Burgoyne (Chief Executive Officer)	1	1
	David Hol (Director Corporate Services)	1	1
	Paul Phelan (Director - Community and Culture)	1	1
	Edith Farrell (Director Assets - Ceased role September 2021)	1	1
	Chris Saunders (Acting Director - Assets)	1	-
	Ann Kirkham (Chief Information Officer)	1	1
	Symonne Robinson (Organisational Development Manager)	1	1
Total Number of Councillors		7	10
Total of Chief Executive Officer and other Key Management Personnel		7	6
Total Number of Key Management Personnel		14	16

(c) Remuneration of Key Management Personnel

	2022 No.	2021 No.
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,485	1,271
Post-employment benefits	111	87
Long-term benefits	-	10
Termination benefits	49	-
Total	1,645	1,368

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

	2022 No.	2021 No.
Income Range:		
\$0 - \$9,999	-	3
\$10,000 - \$19,999	-	3
\$20,000 - \$29,999	5	4
\$40,000 - \$49,999	1	-
\$90,000 - \$99,999	1	1
\$100,000 - \$109,999	1	-
\$120,000 - \$129,999	-	1
\$130,000 - \$139,999	1	-
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	1	2
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	1	-
\$230,000 - \$239,999	-	1
\$290,000 - \$299,999	1	-
\$310,000 - \$319,999	-	1
	14	16

*KMP in 20/21 was in \$310,000 - \$319,000 band due to Annual Leave cashed out of \$9,730

NOTES TO FINANCIAL STATEMENTS

Note 7.1 Council and key management remuneration (continued)

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000

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

	2022 No.	2021 No.
Income Range:		
\$70,000 - \$79,999	-	1
\$80,000 - \$89,999	1	-
\$150,000 - \$159,999	5	3
\$160,000 - \$169,999	-	2
\$170,000 - \$179,999	1	-
	7	6
Total Remuneration for the reporting year for Senior Officers included above, amounted to	1,040	871

Note 7.2 Related party disclosure

(a) Transactions with related parties	2022 \$'000	2021 \$'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 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 Gilbert Wilson - Hollands Picture Framing controlled by Close Family Member	2	4
Councillor Karen Stephens - A close family member is a KMP at Casterton Memorial Hospital - Service Contract Payments (Contract 2017-18-28 & Contract 2018-19-02)	118	149
Councillor Michael Carr - G R Carr Pty Ltd controlled by a close Family Member - Capital Contract Payments	2,407	1,342
- Non Contract Payments	54	28
KMP Ann Kirkham - McIntyre Clan Investments Pty Ltd is controlled by Family Members	35	-
All dealings are in the normal course of business and are on normal commercial terms and conditions.		

(b) Outstanding balances with related parties 2022	2022 \$'000	2021 \$'000
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties -		
Councillor Gilbert Wilson - Hollands Picture Framing	-	-
Councillor Karen Stephens - Casterton Memorial Hospital	22	9
Councillor Michael Carr - G R Carr Pty Ltd	576	550
KMP Ann Kirkham - McIntyre Clan Investments Pty Ltd	-	-

(c) Loans to/from related parties	2022 \$'000	2021 \$'000
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	2022 \$'000	2021 \$'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	63
Contract CT 2018-19-02 6mth Commitment	27	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 2020-21-48 - Dartmoor Rail Trail	-	90

NOTES TO FINANCIAL STATEMENTS

Note 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:

	2022 \$'000	2021 \$'000
Assets		
Current Assets		
Cash and Cash Equivalents	-	-
Trade and Other Receivables	23	23
Total Current Assets	23	23
Non-Current assets		
Property, infrastructure, plant and equipment	948	154
Total Non-Current Assets	948	154
Total Assets	971	177
Liabilities	-	-
Net Assets	971	177
Represented by:		
Accumulated Surplus	971	177
Equity	971	177

The operation of the Local Port of Portland Bay is an agreement between Glenelg Shire Council and the Department of Transport (DoT). Any assets are returnable on cessation of the agreement. The current agreement was due to expire at 30 June 2022, however the DoT has issued an extension of the Agreement to 30 June 2023 whilst they look at a new Agreement.

Note 7 MANAGING UNCERTAINTIES

Note 8.1 Contingent assets and liabilities

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

(a) Contingent assets

Council has no contingent assets as at 30 June 2022.

(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.

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.

Note 8 MANAGING UNCERTAINTIES (CONTINUED)

Note 8.2 Change in accounting standards

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

Note 8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk.

Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

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

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

(c) Credit risk

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

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(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 shift of + 2% to 3% from year end rates of 0.85%.

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

NOTES TO FINANCIAL STATEMENTS

Note 8 MANAGING UNCERTAINTIES (CONTINUED)

Note 8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

Impairment of assets

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

Note 8.5 8.5 Events occurring after balance date

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



NOTES TO FINANCIAL STATEMENTS

Note 9 OTHER MATTERS

Note 9.1 Reserves

(a) Asset revaluation reserves	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2022			
Property			
Land and land improvements	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
2021			
Property			
Land and land improvements	18,175	15	18,190
Buildings	47,758	(880)	46,878
	65,933	(865)	65,068
Infrastructure			
Roads	165,754	36	165,790
Bridges	6,201	16	6,217
Footpaths and cycle ways	4,510	7	4,517
Drainage	49,507	-	49,507
Recreational, leisure and community facilities	10,510	-	10,510
Waste management	682	-	682
Parks, open space and streetscapes	6,258	-	6,258
Aerodromes	1,862	-	1,862
	245,284	59	245,343
Total asset revaluation reserves	311,217	(806)	310,411

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

(b) Public Open Space Reserve	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2022			
Public Open Space Reserve	457	-	457
	457	-	457
2021			
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.

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

	2022 \$'000	2021 \$'000
Surplus/(deficit) for the year	(2,668)	(186)
Depreciation and amortisation	12,803	13,013
Net loss on disposal of property, infrastructure, plant and equipment	2,447	1,513
Landfill provision adjustment	1,597	(2,551)
Finance costs	23	23
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	496	(436)
(Increase)/decrease in prepayments	553	(32)
(Increase)/decrease in inventories	316	(310)
(Decrease)/increase in trade and other payables	43	1,319
(Decrease)/increase in unearned income /revenue	(447)	10,549
(Decrease)/increase in other liabilities	75	575
Increase/(decrease) in provisions - employee	(574)	549
Net cash provided by/(used in) operating activities	14,664	24,025

Note 9 OTHER MATTERS (CONTINUED)

Note 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 (as at 30 June 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

Defined Benefit

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

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

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category.

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

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

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

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

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

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

Employer contributions -

A. Regular contributions

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

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

B. Funding calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including 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 2021 triennial actuarial investigation surplus amounts

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022.

Council was notified of the 30 June 2022 VBI during August 2022 (2020: August 2021).

Superannuation contributions

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

Scheme	Type of scheme	Rate	2022 \$'000	2021 \$'000
Vision super	Defined benefits	10% (2021:9.5%)	113	115
Vision super	Accumulation	10% (2021:9.5%)	1,132	1,174

In addition Council has made superannuation contributions to other funds totalling \$851,000 (2021/22 \$567,000). There were \$80,000 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$106,000.

Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2021-22 year.

There are no pending accounting standards that are likely to have a material impact on council.





GLENELG SHIRE



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