

GLENELG SHIRE



# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
30 JUNE 2021



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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 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.



**Lauren Easson CPA**

*Principal Accounting Officer*

Date: 4 October 2021, Portland

In our opinion the accompanying financial statements present fairly the financial transactions of Glenelg Shire Council for the year ended 30 June 2021 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 2014* to certify the financial statements in their final form.



**Cr Anita Rank**

*Councillor*

Date: 4 October 2021, Portland



**Cr Karen Stephens**

*Councillor*

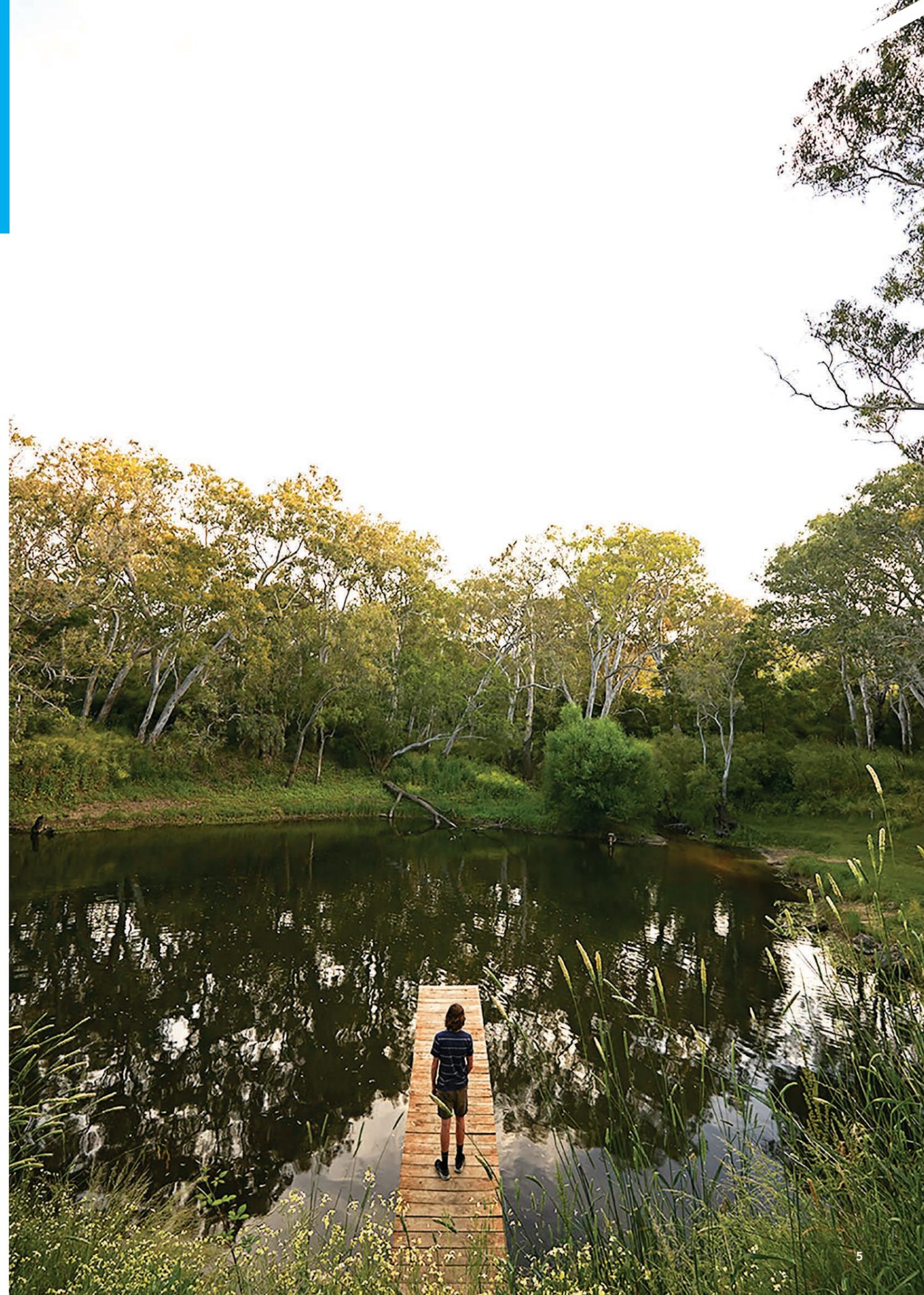
Date: 4 October 2021, Portland



**Greg Burgoyne**

*Chief Executive Officer*

Date: 4 October 2021, Portland



## Independent Auditor's Report

### To the Councillors of Glenelg Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Glenelg Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2021</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cashflows for the year then ended</li> <li>• statement of capital works for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

<b>Auditor's responsibilities for the audit of the financial report</b>	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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</li> <li>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors</li> <li>• 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.</li> <li>• 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.</li> </ul>
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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.



FINANCIAL REPORT  
**FINANCIAL  
 STATEMENTS**

**COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 \$'000	2020 \$'000
<b>Income</b>			
Rates and charges	3.1	27,285	27,172
Statutory fees and fines	3.2	1,082	900
User fees	3.3	2,637	2,666
Grants - operating	3.4	16,564	15,117
Grants - capital	3.4	6,980	5,394
Contributions - monetary	3.5	123	254
Other income	3.7	489	1,013
<b>Total income</b>		<b>55,159</b>	<b>52,515</b>
<b>Expenses</b>			
Employee costs	4.1	(23,447)	(22,651)
Materials and services	4.2	(17,253)	(16,217)
Depreciation	4.3	(12,880)	(8,451)
Amortisation - right of use assets	4.4	(132)	(27)
Bad and doubtful debts	4.5	(9)	(38)
Borrowing costs	4.6	(2)	(2)
Finance costs - leases	4.7	(21)	(9)
Net loss on disposal of property, infrastructure, plant and equipment	3.6	(1,512)	(1,536)
Other expenses - Landfill provision adjustment	5.5	2,551	(4,266)
Other expenses	4.8	(2,640)	(2,271)
<b>Total expenses</b>		<b>(55,345)</b>	<b>(55,468)</b>
<b>Surplus/(deficit) for the year</b>		<b>(186)</b>	<b>(2,953)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	9.1	(806)	16,584
<b>Total comprehensive result</b>		<b>(992)</b>	<b>13,631</b>

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

**BALANCE SHEET AS AT 30 JUNE 2021**

	NOTE	2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	27,790	20,129
Trade and other receivables	5.1	2,935	2,498
Inventories	5.2	508	197
Non-current assets classified as held for sale	6.1	335	376
Other assets	5.2	946	913
<b>Total current assets</b>		<b>32,514</b>	<b>24,114</b>
<b>Non-current assets</b>			
Property, infrastructure, plant and equipment	6.2	450,505	453,244
Right of use assets	5.8	451	222
<b>Total non-current assets</b>		<b>450,956</b>	<b>453,466</b>
<b>Total assets</b>		<b>483,470</b>	<b>477,579</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	15,422	3,554
Trust funds and deposits	5.3	1,693	1,117
Provisions	5.5	9,087	11,924
Interest-bearing liabilities	5.4	1,032	963
Lease liabilities	5.8	161	87
<b>Total current liabilities</b>		<b>27,395</b>	<b>17,645</b>
<b>Non-current liabilities</b>			
Provisions	5.5	9,262	11,684
Interest-bearing liabilities	5.4	7,801	8,412
Lease liabilities	5.8	301	138
<b>Total non-current liabilities</b>		<b>17,364</b>	<b>20,234</b>
<b>Total liabilities</b>		<b>44,759</b>	<b>37,878</b>
<b>Net assets</b>		<b>438,709</b>	<b>439,701</b>
<b>Equity</b>			
Accumulated surplus		127,840	128,483
Reserves	9.1	310,869	311,218
<b>Total Equity</b>		<b>438,709</b>	<b>439,701</b>

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

2021	NOTE	TOTAL \$'000	ACCUMULATED SURPLUS \$'000	REVALUATION RESERVE \$'000	OTHER RESERVE \$'000
Balance at beginning of the financial year		439,701	128,483	311,218	-
Surplus for the year		(185)	(185)	-	-
Transfer to Other Reserve	9.1	-	(457)	-	457
Net asset revaluation increment/ (decrement)	9.1	(806)	-	(806)	-
<b>Balance at end of the financial year</b>		<b>438,709</b>	<b>127,840</b>	<b>310,412</b>	<b>457</b>

2020	NOTE	TOTAL \$'000	ACCUMULATED SURPLUS \$'000	REVALUATION RESERVE \$'000	OTHER RESERVE \$'000
Balance at beginning of the financial year		426,069	131,436	294,333	-
Surplus for the year		(2,953)	(2,953)	-	-
Net asset revaluation increment/ (decrement)	9.1	16,584	-	16,584	-
<b>Balance at end of the financial year</b>		<b>439,701</b>	<b>128,483</b>	<b>311,218</b>	<b>-</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

CASH FLOWS FROM OPERATING ACTIVITIES	NOTE	2021 INFLOWS/ (OUTFLOWS) \$'000	2020 INFLOWS/ (OUTFLOWS) \$'000
Rates and charges		27,251	24,467
Statutory fees and fines		1,082	900
User fees		2,761	6,161
Grants - operating		16,701	15,117
Grants - capital		17,392	5,394
Contributions - monetary		123	254
Other receipts		489	1,013
Net GST refund		575	234
Employee costs		(22,898)	(22,264)
Materials and services		(12,711)	(15,671)
Short term, low value and variable lease payments		(1)	(22)
Other payments		(6,737)	(2,346)
<b>Net cash provided by operating activities</b>	9.2	<b>24,025</b>	<b>13,237</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.2	(12,992)	(10,594)
Payments for landfill rehabilitation works		(3,249)	(2,629)
Proceeds from sale of property, infrastructure, plant and equipment		443	358
<b>Net cash used in investing activities</b>		<b>(15,798)</b>	<b>(12,865)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(2)	(2)
Repayment of borrowings		(542)	(520)
Proceeds from borrowings		-	7,000
Interest paid - lease liability		(21)	(9)
<b>Net cash provided by financing activities</b>		<b>(565)</b>	<b>6,469</b>
Net increase (decrease) in cash and cash equivalents		7,661	6,842
Cash and cash equivalents at the beginning of the financial year		20,129	13,287
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>27,790</b>	<b>20,129</b>
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

## STATEMENT OF CAPITAL WORKS FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 \$'000	2020 \$'000
<b>Property</b>			
Buildings		410	817
<b>Total buildings</b>		<b>410</b>	<b>817</b>
<b>Total property</b>		<b>410</b>	<b>817</b>
<b>Plant and equipment</b>			
Plant, machinery and equipment		1,154	925
Heritage plant and equipment		6	
Computers and telecommunications		19	47
Fixtures, fittings and furniture		-	58
Library books		81	80
<b>Total plant and equipment</b>		<b>1,260</b>	<b>1,110</b>
<b>Infrastructure</b>			
Roads		5,079	4,194
Bridges		-	66
Footpaths and street furniture		90	20
Drainage		1,038	1,450
Recreational, leisure and community facilities		889	2,528
Off street car parks		22	252
Aerodrome		875	-
Parks, open space and streetscapes		3,326	157
Other infrastructure		3	-
<b>Total infrastructure</b>		<b>11,322</b>	<b>8,667</b>
<b>Total capital works expenditure</b>		<b>12,992</b>	<b>10,594</b>
<b>Represented by:</b>			
New asset expenditure		4,504	1,369
Asset renewal expenditure		4,918	4,674
Asset upgrade expenditure		3,570	4,552
<b>Total capital works expenditure</b>		<b>12,992</b>	<b>10,594</b>

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

## FINANCIAL REPORT

NOTES TO THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021

## 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 1989, and the Local Government (Planning and Reporting) Regulations 2014.

## 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.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management

in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- 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 2020/21 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. While the impacts of the pandemic have

abated somewhat through the 2020-21 year, Council has noted the following significant impacts on its financial operations:

- Additional revenue – additional capital and operating grants were received for significant infrastructure projects
- Revenue reductions – other revenue has reduced, particularly for souvenir and ticket sales in the Arts Centre and Tourism services
- Revenue foregone – in response to the pandemic Council removed parking fees from the fees and charges schedule and waived lease income for commercial rent agreements.
- Additional costs – additional costs associated with COVID requirements for maintenance and cleaning of facilities was experienced.
- In response to significant decrease in demand and government directive amidst the COVID-19 outbreak, the Portland leisure centre facilities, libraries and sport and community centres were closed. Visitor Information Centres and other tourism activities were also impacted.
- Council initiated a specific Hardship Guideline for COVID-19 in response to this crisis in March 2020 which is still relevant in the 2020/21 FY.
- Council has concluded there was no significant impact on the carrying values of financial and non-financial assets.

## NOTE 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 2014* 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 23 June 2020. 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 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

### 1.1 Income and expenditure

	BUDGET 2021 \$'000	ACTUAL 2021 \$'000	VARIANCE \$'000	VARIANCE %	REF
<b>Income</b>					
Rates and charges	27,238	27,285	47	0%	
Statutory fees and fines	798	1,082	284	36%	
User fees	2,634	2,637	3	0%	
Grants - operating	13,566	16,564	2,998	22%	1
Grants - capital	3,625	6,980	3,355	93%	2
Contributions - monetary	165	123	(42)	-25%	
Other income	966	489	(477)	-49%	
<b>Total income</b>	<b>48,992</b>	<b>55,159</b>	<b>6,167</b>	<b>13%</b>	
<b>Expenses</b>					
Employee costs	(23,514)	(23,447)	67	0%	
Materials and services	(18,312)	(17,253)	1,059	-6%	
Depreciation	(8,972)	(12,880)	(3,908)	44%	3
Amortisation - Right of use assets	(78)	(132)	(54)	69%	
Bad and doubtful debts	-	(9)	(9)	0%	
Borrowing costs	(329)	(2)	327	-100%	
Finance Costs - Leases	(281)	(21)	260	-93%	
Net loss on disposal of property, infrastructure, plant and equipment	-	(1,512)	(1,512)	0%	4
Other expenses - Landfill provision adjustment	-	2,551	2,551	0%	5
Other expenses	(1,231)	(2,640)	(1,409)	114%	6
<b>Total expenses</b>	<b>(52,717)</b>	<b>(55,345)</b>	<b>(2,628)</b>	<b>5%</b>	
<b>Surplus/(deficit) for the year</b>	<b>(3,725)</b>	<b>(186)</b>	<b>3,539</b>	<b>-95%</b>	

#### (i) Explanation of material variations

VARIANCE REF	ITEM	EXPLANATION
1	Grants - operating	First half 2021/22 FY Operating Grants received early from the Victoria Grants Commission.
2	Grants - capital	Additional capital grant income received for various capital works projects, including Local Roads and Community Infrastructure Program (LRCI) stimulus funding that was not budgeted in 20/21.
3	Depreciation	As a result of a revaluation of infrastructure assets in June 2020, depreciation has increased to reflect this. There has been increased additional capital works recognised in recent years which has contributed to this movement.
4	Net loss on disposal of property, infrastructure, plant and equipment	This transaction amount fluctuates depending on light and heavy plant disposals each year. Also impacting is the action to writeoff asset amounts based on an assessment by the Assets Department when infrastructure renewals occur. In 20/21 \$3.5M of roads and drainage was written off as a result of works completed on road assets that effectively renewed the assets useful life.
5	Other expenses - Landfill provision adjustment	The landfill provision is based on the present value of the expected costs of the works in future periods. In 2021 the Council adopted revised discount and index rates and revised some cost estimates. Further details are provided at Note 5.5.
6	Other expenses	Expenditure for communication increased by \$70k, contributions and donations increased by \$147k due to various Covid initiatives and expenditure related to the Covid pandemic was captured \$143k. The remaining variance was due to a reallocation of expenditure from material and services. The adopted budget did not reflect this allocation.

## 1.2 Capital works

	BUDGET 2021 \$'000	ACTUAL 2021 \$'000	VARIANCE \$'000	VARIANCE %	REF
<b>Property</b>					
Buildings	375	410	35	9%	
<b>Total buildings</b>	<b>375</b>	<b>410</b>	<b>35</b>	<b>9%</b>	
<b>Total property</b>	<b>375</b>	<b>410</b>	<b>35</b>	<b>9%</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	1,135	1,154	19	2%	
Computers and telecommunications	-	19	19	0%	
Fixtures, fittings and furniture	10	-	(10)	-100%	
Heritage plant and equipment	10	6	(5)	-45%	
Library books	95	82	(13)	-14%	
<b>Total plant and equipment</b>	<b>1,250</b>	<b>1,260</b>	<b>10</b>	<b>-157%</b>	
<b>Infrastructure</b>					
Roads	4,205	5,079	874	21%	1
Bridges	400	-	(400)	-100%	
Footpaths and cycle ways	50	90	40	79%	
Drainage	50	1,038	988	1975%	2
Recreational, leisure and community facilities	190	889	699	368%	3
Waste management	20	-	(20)	-100%	
Parks, open space and streetscapes	1,910	3,326	1,416	74%	4
Off street car parks	-	22	22	0%	
Aerodrome	-	875	875	0%	5
Other infrastructure	6,700	3	(6,697)	-100%	6
<b>Total infrastructure</b>	<b>13,525</b>	<b>11,322</b>	<b>(2,204)</b>	<b>-16%</b>	
<b>Total capital works expenditure</b>	<b>15,150</b>	<b>12,992</b>	<b>(2,158)</b>	<b>-14%</b>	
<b>Represented by:</b>					
New asset expenditure	2,700	4,504	1,804	67%	
Asset renewal expenditure	12,450	4,918	(7,532)	-60%	
Asset upgrade expenditure	-	3,570	3,570	0%	
<b>Total capital works expenditure</b>	<b>15,150</b>	<b>12,992</b>	<b>(2,158)</b>	<b>-14%</b>	

## (i) Explanation of material variations

VARIANCE REF	ITEM	EXPLANATION
1	Roads	A carry forward amount (unspent from 19/20) was adjusted in the Forecast 20/21 budget for works to complete the Fixing Country Roads project and expenditure was incurred in the FY 20/21.
2	Drainage	A carry forward amount (unspent from 19/20) was adjusted in the Forecast 20/21 budget for works to complete the Henty Employment Precinct Stage 1 and expenditure was incurred in the FY 20/21.
3	Recreational, leisure and community facilities	This category includes the projects nominated in the Local Roads and Community Infrastructure Program (LRCI) stimulus funding received by Council in FY 20/21 but not included in the Adopted Budget.
4	Parks, open space and streetscapes	Major projects, including Bridgewater and Portland Foreshore, were recognised in the Forecast 20/21 budget after funding was received. These projects are not complete and the remainder of the budget will be carried forward into the FY 21/22.
5	Aerodrome	Unbudgeted funding was received in 2020/21 for works at the Portland Aerodrome facility.
6	Other infrastructure	Landfill rehabilitation expenditure of \$3.62M was incurred as budgeted in the major works budget. However, as a provision exists for this expenditure, it is accounted for as a reduction of the provision, not as a capital works expense. A carry forward amount will be recognised in 2021/22 to complete this stage of rehabilitation works.

## NOTE 2. ANALYSIS OF COUNCIL RESULTS BY PROGRAM

Council delivers its functions and activities through the following programs.

## 2 (a) Chief Executive Department

The CEO provides high level strategic advice to the Mayor and Councillors and oversees the administrative function of Council ensuring good governance and financial practices. Assisted by the Directors and 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, Communications, Organisational Development, Digital Glenelg and Council Support.

## 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, Information Technology, Records Management, Emergency and OHS management, Town Planning, Building Services, Local Laws and Environmental Health and Customer Service.

## 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 six key service units include community wellbeing, children's services, library and information services, aged and disability, tourism and events and arts and culture.

## Assets

The Assets Department comprises of the engineering, 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.

## 2 (b) Summary of revenues, 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	361,662
Other	(161)	648	(809)	-	-
	<b>55,159</b>	<b>55,345</b>	<b>(186)</b>	<b>23,544</b>	<b>483,471</b>

2020	INCOME \$'000	EXPENSES \$'000	SURPLUS/ (DEFICIT) \$'000	GRANTS INCLUDED IN INCOME \$'000	TOTAL ASSETS \$'000
Chief Executive Department	375	4,292	(3,918)	25	1,269
Corporate Services	31,726	10,217	21,509	5,282	83,869
Community Services	6,313	10,114	(3,800)	4,955	34,788
Assets	14,101	30,949	(16,847)	10,249	357,655
Other	-	(103)	103	-	-
	<b>52,515</b>	<b>55,468</b>	<b>(2,953)</b>	<b>20,511</b>	<b>477,581</b>

## NOTE 3. FUNDING FOR THE DELIVERY OF OUR SERVICES

## 3.1 Rates and charges

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

The valuation base used to calculate general rates for 2020/21 was \$5.650 million (2019/20 \$5.370 million).

	2021 \$'000	2020 \$'000
General rates	10,427	10,387
Waste Charges	2,416	2,395
Special rates and charges - Industrial Agreement	5,222	5,197
Service rates and charges - Commercial/Industrial Land	1,539	1,587
Service rates and charges - Primary Production Land	7,654	7,547
Interest on rates and charges	4	28
Service rates and charges - Cultural and Recreation Land	24	30
<b>Total rates and charges</b>	<b>27,285</b>	<b>27,172</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2021, and the valuation will be first applied in the rating year commencing 1 July 2021. 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.

## 3.2 Statutory fees and fine

	2021 \$'000	2020 \$'000
Infringements and costs	40	26
Town planning fees	849	686
Permits	193	189
<b>Total statutory fees and fines</b>	<b>1,082</b>	<b>900</b>

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

## 3.3 User fees

	2021 \$'000	2020 \$'000
Aged and health services	768	606
Child care / children's programs	547	553
Parking	3	32
Waste management services	894	857
Other fees and charges	425	618
<b>Total user fees</b>	<b>2,637</b>	<b>2,666</b>

## User fees by timing of revenue recognition

	2021 \$'000	2020 \$'000
User fees recognised at a point in time	2,637	2,666
<b>Total user fees</b>	<b>2,637</b>	<b>2,666</b>

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

## 3.4 Funding from other levels of government

GRANTS WERE RECEIVED IN RESPECT OF THE FOLLOWING :	2021 \$'000	2020 \$'000
<b>Summary of Grants</b>		
Commonwealth funded grants	15,707	13,194
State funded grants	7,837	7,316
<b>Total Grants received</b>	<b>23,544</b>	<b>20,510</b>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Childrens Services	29	27
Financial Assistance Grants	8,775	8,370
Aged and Disability Services	1,170	1,156
<b>Recurrent - State Government</b>		
Aged and Disability Services	353	350
Childrens Services	911	745
Library Services	7	7
Maternal and Child Health	451	355
Emergency Response (MECC)	146	120
Youth Services	69	25
Local Port	186	69
Environmental Health	11	-
Other	75	182
<b>Total Recurrent Operating Grants</b>	<b>12,183</b>	<b>11,404</b>
<b>Non-Recurrent - Commonwealth Government</b>		
Childrens Services	1,314	1,156
Bushfire Recovery	-	225
Aged and Disability Services	12	3
<b>Non-Recurrent - State Government</b>		
Aged and Disability Services	1	5
Arts & Culture	120	90
Childrens Services	802	502
Community Wellbeing	2	64
Economy & Investment	280	-
Emergency Response (MECC)	218	-
Environmental Health	20	41
Environmental Planning	79	195
Library Services	209	188
Local Port Better Boating	81	79
Municipal Emergency Events (Floods)	-	841
Organisational Development	99	-
Rural Access	-	79

GRANTS WERE RECEIVED IN RESPECT OF THE FOLLOWING: (CONTINUE)	2020 \$'000	2019 \$'000
Sale Yards	-	2
School Crossing Supervisors	60	62
Special Projects	-	25
Sports and Recreation	-	13
Tourism & Events Management	75	-
Youth Services	56	122
Other	953	20
<b>Total Non-Recurrent Operating Grants</b>	<b>4,384</b>	<b>3,712</b>
<b>Total Operating Grants</b>	<b>16,564</b>	<b>15,117</b>
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	2,774	1,774
<b>Total recurrent capital grants</b>	<b>2,774</b>	<b>1,774</b>
<b>Non-recurrent - Commonwealth Government</b>		
Airports	496	-
Recreational and Community Facilities	1,137	485
<b>Non-recurrent - State Government</b>		
Roads	768	1,646
Infrastructure	558	1,486
Recreational and Community Facilities	1,247	3
<b>Total Non-Recurrent Capital Grants</b>	<b>4,206</b>	<b>3,620</b>
<b>Total Capital Grants</b>	<b>6,980</b>	<b>5,394</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
<b>Operating</b>		
Balance at start of year	209	324
Received during the financial year and remained unspent at balance date	308	201
Received in prior years and spent during the financial year	(104)	(316)
<b>Balance at year end</b>	<b>412</b>	<b>209</b>
<b>Capital</b>		
Balance at start of year	368	1,059
Received during the financial year and remained unspent at balance date	10,780	368
Received in prior years and spent during the financial year	(368)	(1,059)
<b>Balance at year end</b>	<b>10,780</b>	<b>368</b>

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

### 3.5 Contributions

	2021 \$'000	2020 \$'000
Monetary	123	254
<b>Total contributions</b>	<b>123</b>	<b>254</b>

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 2020/2021.

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

	2021 \$'000	2020 \$'000
Proceeds of sale	443	359
Written down value of assets disposed and written off	(1,955)	(1,895)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(1,512)</b>	<b>(1,536)</b>

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.

### 3.7 Other income

	2021 \$'000	2020 \$'000
Interest	43	84
Reimbursements	198	498
Sales and Commission	226	293
Other miscellaneous	21	137
<b>Total other income</b>	<b>488</b>	<b>1,012</b>

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.

## NOTE 4. THE COST OF DELIVERING SERVICES

	2021 \$'000	2020 \$'000
<b>4.1 (a) Employee costs</b>		
Wages and salaries	18,779	18,194
WorkCover	545	535
Superannuation	1,856	1,796
Fringe benefits tax	130	248
Other employee costs	2,368	2,237
Salary expenses capitalised	(230)	(360)
<b>Total employee costs</b>	<b>23,447</b>	<b>22,651</b>
<b>4.1 (b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	115	131
	<b>115</b>	<b>131</b>
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,174	1,225
Employer contributions - other funds	567	440
	<b>1,741</b>	<b>1,665</b>
Employer contributions payable at reporting date.	<b>71</b>	<b>166</b>
Refer to note 9.3 for further information relating to Council's superannuation obligations.		
<b>4.2 Materials and services</b>		
	2021 \$'000	2020 \$'000
Contract payments	12,535	12,098
Material expenses - general	1,928	1,352
Utilities	1,076	1,166
Office administration	147	243
Information technology	736	650
Insurance	832	709
<b>Total materials and services</b>	<b>17,253</b>	<b>16,217</b>

### 4.3 Depreciation

	2021 \$'000	2020 \$'000
Property	3,505	1,677
Plant and equipment	1,253	888
Infrastructure	8,122	5,886
<b>Total depreciation</b>	<b>12,880</b>	<b>8,451</b>

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

### 4.4 Amortisation - Right of use assets

	2021 \$'000	2020 \$'000
Plant and equipment	132	27
<b>Total Amortisation - Right of use assets</b>	<b>132</b>	<b>27</b>

### 4.5 Bad and doubtful debts

	2021 \$'000	2020 \$'000
Other debtors	9	38
<b>Total bad and doubtful debts</b>	<b>9</b>	<b>38</b>

#### Movement in provisions for doubtful debts

Balance at the beginning of the year	25	3
New provisions recognised during the year	9	25
Amounts already provided for and written off as uncollectible	-	(3)
Amounts provided for but recovered during the year	(25)	(1)
<b>Balance at end of year</b>	<b>9</b>	<b>25</b>

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.

COVID-19 Disclosure - excluding one-off items, year end sundry debtor balances have not escalated above 2019 levels. When using the expected credit loss model, in addition to 'base expectations', Council has also applied to other debts greater than 30 days outstanding a factor of between 0.8% to 1.9% (greater than 90 days) in consideration of potential economic impacts of prolonged restrictions due to COVID-19.

### 4.6 Borrowing costs

	2021 \$'000	2020 \$'000
Interest - Borrowings	2	2
<b>Total borrowing costs</b>	<b>2</b>	<b>2</b>

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

### 4.7 Finance Costs - Leases

	2021 \$'000	2020 \$'000
Interest - Lease Liabilities	21	9
<b>Total finance costs</b>	<b>21</b>	<b>9</b>

### 4.8 Other expenses

	2021 \$'000	2020 \$'000
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	40	58
Councillors' allowances	251	254
Seminars and training course fees	307	227
Memberships	424	336
Communication expenses	289	274
Advertising	221	181
Travel and accomodation	38	106
Statutory expenses	301	290
Bank fees	57	59
Other expenses	234	129
Contributions and donations	478	357
<b>Total other expenses</b>	<b>2,640</b>	<b>2,272</b>

## NOTE 5. OUR FINANCIAL POSITION

### 5.1 Financial assets

	2021 \$'000	2020 \$'000
<b>(a) Cash and cash equivalents</b>		
Cash on hand	8	8
Cash at bank	27,782	20,121
<b>Total cash and cash equivalents</b>	<b>27,790</b>	<b>20,129</b>
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)	1,693	1,117
- Open Space Reserve (Note 9.1b)	457	-
Total restricted funds	2,150	1,117
<b>Total unrestricted cash and cash equivalents</b>	<b>25,640</b>	<b>19,012</b>
<b>Intended allocations</b>		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- cash held to fund carried forward capital works	10,780	7,577
<b>Total funds subject to intended allocations</b>	<b>10,780</b>	<b>7,577</b>
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>(b) Trade and other receivables</b>		
<b>Current</b>		
Statutory receivables		
Rates debtors	1,143	1,109
Net GST Receivable	1,044	517
Non Statutory receivables		
Other debtors	744	886
Provision for doubtful debts - other debtors	(9)	(25)
Other assets	4	4
Total current trade and other receivables	2,926	2,491
<b>Non-current</b>		
Statutory receivables		
Special rate scheme	9	7
Total non-current trade and other receivables	9	7
<b>Total trade and other receivables</b>	<b>2,935</b>	<b>2,498</b>

(CONTINUE)	2021 \$'000	2020 \$'000
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.		
COVID-19 Disclosure - Rates debtors year end balance is slightly higher compared to prior year due to flexibility Council afforded to its ratepayers (no penalty interest and no referral of outstanding debts to formal debt collectors). Council has a high level of assurance on future collectability of these balances. Council will continue to monitor Sundry Debtors and reports monthly on outstanding balances.		
<b>(i) Ageing of Receivables</b>		
The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:		
Current (not yet due)	556	708
Past due by up to 30 days	42	45
Past due between 31 and 180 days	104	120
Past due between 181 and 365 days	17	8
Past due by more than 1 year	25	5
<b>Total trade and other receivables</b>	<b>744</b>	<b>886</b>

#### (ii) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$9k (2020: \$25k) were impaired. The amount of the provision raised against these debtors was \$25k (2019:\$3). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	4
Past due by up to 30 days	-	4
Past due between 31 and 180 days	1	4
Past due between 181 and 365 days	4	8
Past due by more than 1 year	4	5
<b>Total trade &amp; other receivables</b>	<b>9</b>	<b>25</b>

COVID-19 Disclosure - excluding one-off items, year end sundry debtor balances have not escalated above 2020 levels. When using the expected credit loss model, in addition to 'base expectations', Council has also applied to other debts greater than 30 days outstanding a factor of between 0.8% to 1.9% (greater than 90 days) in consideration of potential economic impacts of prolonged restrictions due to COVID-19.

## 5.2 Non-financial assets

	2021 \$'000	2020 \$'000
<b>(a) Inventories</b>		
Inventories held for distribution	508	197
<b>Total inventories</b>	<b>508</b>	<b>197</b>

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

### (b) Other Assets

Prepayments	914	914
Accrued income	32	-
<b>Total other assets</b>	<b>946</b>	<b>914</b>

## 5.3 Payables

	2021 \$'000	2020 \$'000
<b>(a) Trade and other payables</b>		
Trade payables	3,452	709
Net GST payable	31	-
Fire Service Levy	178	160
Accrued expenses	461	1,936
<b>Total trade and other payables</b>	<b>4,123</b>	<b>2,804</b>

### 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.

### (b) Unearned income

Grants received in advance - operating	412	209
Grants received in advance - capital	10,780	368
Other	108	173
<b>Total unearned income</b>	<b>11,299</b>	<b>751</b>

### (c) Trust funds and deposits

Refundable deposits	1,309	906
Contract retentions	384	211
<b>Total trust funds and deposits</b>	<b>1,693</b>	<b>1,117</b>

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

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.

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.

## 5.4 Interest-bearing liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>		
Borrowings - secured	1,032	963
	<b>1,032</b>	<b>963</b>
<b>Non-current</b>		
Borrowings - secured	7,801	8,412
<b>Total</b>	<b>7,801</b>	<b>8,412</b>
	<b>8,833</b>	<b>9,375</b>

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

The maturity profile for Council's borrowings is:

Not later than one year	1,031	963
Later than one year and not later than five years	3,134	3,746
Later than five years	4,668	4,666
	<b>8,833</b>	<b>9,375</b>

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.

## 5.5 Provisions

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)	0	1,583
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)
<b>Balance at the end of the financial year</b>	<b>6,088</b>	<b>11,951</b>	<b>310</b>	<b>18,349</b>

2020	EMPLOYEE \$'000	LANDFILL RESTORATION \$'000	GRAVEL PIT RESTORATION \$'000	TOTAL \$'000
Balance at beginning of the financial year	5,153	16,114	354	21,621
Additional provisions	2,208	2,950	-	5,158
Movement due to change in estimates	301	506	-	807
Amounts used	(2,280)	(2,629)	(130)	(5,039)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	157	810	94	1,061
<b>Balance at the end of the financial year</b>	<b>5,539</b>	<b>17,751</b>	<b>318</b>	<b>23,608</b>

	2021 \$'000	2020 \$'000

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

Annual leave	988	1,320
Long service leave	207	212
	<b>1,195</b>	<b>1,532</b>

**Current provisions expected to be wholly settled after 12 months**

Annual leave	1,344	747
Employee gratuity scheme	45	47
Long service leave	2,743	2,455
	<b>4,132</b>	<b>3,249</b>
<b>Total current employee provisions</b>	<b>5,327</b>	<b>4,782</b>

**Non-current**

Long service leave	761	757
<b>Total non-current employee provisions</b>	<b>761</b>	<b>757</b>

## Aggregate carrying amount of employee provisions:

Current	5,327	4,782
Non-current	761	757
<b>Total aggregate carrying amount of employee provisions</b>	<b>6,088</b>	<b>5,539</b>

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

*Annual leave*

Liabilities for annual leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

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. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. 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.

KEY ASSUMPTIONS:	2021	2020
- discount rate	1.49%	0.87%
- index rate	1.10%	2.20%

	2021 \$'000	2020 \$'000
<b>(b) Landfill restoration</b>		
Current provision - landfill	3,452	6,871
Non current provision - landfill	8,500	10,880
	<b>11,952</b>	<b>17,751</b>

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.

KEY ASSUMPTIONS:	2021	2020
- discount rate	1.49%	0.87%
- index rate	1.10%	2.20%

	2021 \$'000	2020 \$'000
<b>(c) Gravel pit restoration</b>		
Current Provision - Gravel/Limestone Pits	310	318
	<b>310</b>	<b>318</b>

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.

## 5.6 Financing arrangements

	2021 \$'000	2020 \$'000
The Council has the following funding arrangements in place as at 30 June 2021.		
Bank overdraft	4,000	4,000
Loan facilities	8,833	9,375
Credit card facilities	200	200
Total lease liabilities	462	225
<b>Total facilities</b>	<b>13,494</b>	<b>13,800</b>
Used facilities	(9,309)	(9,612)
<b>Unused facilities</b>	<b>4,185</b>	<b>4,188</b>

## 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.

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
<b>Operating</b>					
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
<b>Total</b>	<b>11,763</b>	<b>4,122</b>	<b>2,206</b>	<b>-</b>	<b>18,090</b>
<b>Capital</b>					
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
<b>Total</b>	<b>8,641</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,641</b>

2020	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
<b>Operating</b>					
Aquatic Facilities	1,087	165	-	-	1,252
Building Services	125	-	-	-	125
Cleaning/Other Contracts	132	-	-	-	132
Consultancies	693	58	-	-	751
Home Care Services	28	-	-	-	28
IT	270	-	-	-	270
Maintenance Contracts	4,125	220	-	-	4,345
Maternal Child Health	249	187	-	-	436
Meals on Wheels	149	-	-	-	149
Other	151	-	-	-	151
Pound Services	184	-	-	-	184
Roads	1,375	23	-	-	1,398
Security Services	12	12	4	-	27
Waste Management	2,176	-	-	-	2,176
<b>Total</b>	<b>10,756</b>	<b>664</b>	<b>4</b>	<b>-</b>	<b>11,424</b>
<b>Capital</b>					
Infrastructure (Landfill and Henty Employment Precinct)	9,076	-	-	-	9,076
Roads	986	-	-	-	986
<b>Total</b>	<b>10,062</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,062</b>

## 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.

RIGHT-OF-USE ASSETS	PLANT & EQUIPMENT \$'000	TOTAL \$'000
Balance at 1 July 2019	-	-
Additions	249	249
Amortisation charge	(27)	(27)
<b>Balance at 30 June 2020</b>	<b>222</b>	<b>222</b>
Balance at 1 July 2020	222	222
Additions	361	361
Amortisation charge	(132)	(132)
<b>Balance at 30 June 2021</b>	<b>451</b>	<b>451</b>

LEASE LIABILITIES	2021 \$'000	2020 \$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	180	87
One to five years	321	178
More than five years	-	-
<b>Total undiscounted lease liabilities as at 30 June:</b>	<b>501</b>	<b>265</b>
Lease liabilities included in the Balance Sheet at 30 June:		
Current	161	87
Non-current	301	138
<b>Total lease liabilities</b>	<b>462</b>	<b>225</b>

### Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2021 \$'000	2020 \$'000
<b>Expenses relating to:</b>		
Short-term leases	-	3
<b>Total</b>	<b>-</b>	<b>3</b>

## NOTE 6. ASSETS WE MANAGE

### 6.1 Non current assets classified as held for sale

	2021 \$'000	2020 \$'000
Cost of acquisition	335	376
<b>Total non current assets classified as held for sale</b>	<b>335</b>	<b>376</b>

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.

### 6.2 Property, infrastructure, plant and equipment

#### Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2020 \$'000	Additions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	Recognitions / Derecognitions \$'000	WIP Expensed	At Fair Value 30 June 2021 \$'000
Property	77,976	-	(880)	(3,505)	-	(17)	403	-	-	73,977
Plant and equipment	11,299	-	-	(1,253)	(197)	-	1,089	-	-	10,938
Infrastructure	359,358	-	-	(8,122)	-	(1,683)	12,684	62	-	362,299
Work in progress	4,611	12,993	-	-	-	-	(14,176)	-	(136)	3,291
	<b>453,244</b>	<b>12,993</b>	<b>(880)</b>	<b>(12,880)</b>	<b>(197)</b>	<b>(1,700)</b>	<b>-</b>	<b>62</b>	<b>(136)</b>	<b>450,505</b>

#### Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Expensed \$'000	Transfers \$'000	Closing WIP \$'000
Property	301	410	-	(403)	308
Plant and equipment	(23)	1,260	-	(1,089)	148
Infrastructure	4,333	11,322	(136)	(12,684)	2,835
<b>Total</b>	<b>4,611</b>	<b>12,993</b>	<b>(136)</b>	<b>(14,176)</b>	<b>3,291</b>

### (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 2020	12,625	9,015	21,640	12,490	92,496	10,881	115,867	301	137,808
Accumulated depreciation at 1 July 2020	-	-	-	(9,072)	(46,080)	(4,379)	(59,531)	-	(59,531)
	<b>12,625</b>	<b>9,015</b>	<b>21,640</b>	<b>3,418</b>	<b>46,416</b>	<b>6,502</b>	<b>56,336</b>	<b>301</b>	<b>78,277</b>
<b>Movements in fair value</b>									
Additions	-	-	-	-	384	19	403	-	403
Contributions	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	(1,122)	-	(1,122)	-	(1,122)
Disposal	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	(33)	-	(33)	-	(33)
Transfers	-	-	-	-	-	-	-	7	7
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	-	-	-	-	(771)	19	(752)	7	(745)
<b>Movements in accumulated depreciation</b>									
Depreciation	-	-	-	(117)	(2,947)	(441)	(3,505)	-	(3,505)
Accumulated depreciation of revaluation	-	-	-	-	241	-	241	-	241
Accumulated depreciation of writeoff	-	-	-	-	16	-	16	-	16
Transfers	-	-	-	-	-	-	-	-	-
	-	-	-	(117)	(2,690)	(441)	(3,248)	-	(3,248)
At fair value 30 June 2021	12,625	9,015	21,640	12,490	91,725	10,900	115,115	308	137,063
Accumulated depreciation at 30 June 2021	-	-	-	(9,189)	(48,770)	(4,820)	(62,779)	-	(62,779)
	<b>12,625</b>	<b>9,015</b>	<b>21,640</b>	<b>3,301</b>	<b>42,955</b>	<b>6,080</b>	<b>52,336</b>	<b>308</b>	<b>74,284</b>

**(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 2020	3,220	16,934	2,060	1,631	(23)	23,822
Accumulated depreciation at 1 July 2020	-	(9,584)	(1,814)	(1,148)	-	(12,546)
	<b>3,220</b>	<b>7,350</b>	<b>246</b>	<b>483</b>	<b>(23)</b>	<b>11,276</b>
<b>Movements in fair value</b>						
Additions	6	930	71	82	-	1,089
Contributions	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Disposal	-	(365)	-	-	-	(365)
Write-off	-	-	-	-	-	-
Transfers	-	-	-	-	172	172
Impairment losses recognised in operating result	-	-	-	-	-	-
	<b>6</b>	<b>565</b>	<b>71</b>	<b>82</b>	<b>172</b>	<b>896</b>
<b>Movements in accumulated depreciation</b>						
Depreciation	-	(1,049)	(65)	(139)	-	(1,253)
Accumulated depreciation of disposals	-	168	-	-	-	168
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	<b>-</b>	<b>(881)</b>	<b>(65)</b>	<b>(139)</b>	<b>-</b>	<b>(1,085)</b>
At fair value 30 June 2021	3,225	17,498	2,131	1,713	148	24,715
Accumulated depreciation at 30 June 2021	-	(10,465)	(1,879)	(1,287)	-	(13,631)
	<b>3,225</b>	<b>7,033</b>	<b>252</b>	<b>426</b>	<b>148</b>	<b>11,085</b>

**(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 Infrastructure \$'000
At fair value 1 July 2020	320,956	46,056	32,700	77,851	44,528	3,912	500	16,910	1,842	4,333	549,588
Accumulated depreciation at 1 July 2020	(83,650)	(20,690)	(18,446)	(36,676)	(18,828)	(844)	(231)	(5,822)	(709)	-	(185,896)
	<b>237,306</b>	<b>25,366</b>	<b>14,254</b>	<b>41,175</b>	<b>25,700</b>	<b>3,068</b>	<b>269</b>	<b>11,088</b>	<b>1,133</b>	<b>4,333</b>	<b>363,692</b>
<b>Movements in fair value</b>											
Additions	7,908	-	1,053	2,053	1,548	-	64	6	52	-	12,684
Contributions	37	17	8	-	-	-	-	-	-	-	62
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
Write-off	(3,505)	-	(126)	(104)	(15)	-	(15)	-	(38)	-	(3,803)
Transfers	-	-	-	-	-	-	-	-	-	(1,499)	(1,499)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
	<b>4,440</b>	<b>17</b>	<b>935</b>	<b>1,949</b>	<b>1,533</b>	<b>-</b>	<b>49</b>	<b>6</b>	<b>14</b>	<b>(1,499)</b>	<b>7,444</b>
<b>Movements in accumulated depreciation</b>											
Depreciation	(3,971)	(563)	(917)	(992)	(1,214)	(133)	(23)	(257)	(52)	-	(8,122)
Accumulated depreciation of revaluation	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation of writeoffs	1,943	-	74	64	2	-	14	-	22	-	2,119
Transfers	-	-	-	-	-	-	-	-	-	-	-
	<b>(2,028)</b>	<b>(563)</b>	<b>(843)</b>	<b>(928)</b>	<b>(1,212)</b>	<b>(133)</b>	<b>(9)</b>	<b>(257)</b>	<b>(30)</b>	<b>-</b>	<b>(6,003)</b>
At fair value 30 June 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 30 June 2021	(85,678)	(21,253)	(19,289)	(37,604)	(20,040)	(977)	(240)	(6,079)	(739)	-	(191,899)
	<b>239,719</b>	<b>24,819</b>	<b>14,346</b>	<b>42,197</b>	<b>26,021</b>	<b>2,935</b>	<b>309</b>	<b>10,837</b>	<b>1,117</b>	<b>2,834</b>	<b>365,134</b>

**Acquisition**

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	DEPRECIATION PERIOD	THRESHOLD LIMIT \$'000
<b>Asset recognition thresholds and depreciation periods</b>		
<b>Land &amp; land improvements</b>		
land	-	1
<b>Buildings</b>		
buildings	50-100 years	1
<b>Plant and Equipment</b>		
heritage plant and equipment	100 years	1
plant, machinery and equipment	3-20 years	1
others (fixtures, fittings and furniture)	5-20 years	1
<b>Infrastructure</b>		
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.

COVID-19 Disclosure - Non-current asset values are not expected to be materially impacted by COVID-19 as at 30 June 2021. 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. Infrastructure asset values are not considered to be impaired due to COVID-19. Land and Building valuations have been assessed as not materially impaired as Council buildings are not income generating assets that are likely to have been impacted by COVID-19.

#### Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer (Les Speed, 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 2021 are as follows:

	Level 1 \$'000	Level2 \$'000	Level 3 \$'000	Date of Valuation
Land - Non specialised	-	9,015	-	Jun-20
Specialised land	-	-	12,625	Jun-20
Heritage Buildings	-	-	3,301	Jun-20
Buildings	-	6,080	42,955	Jun-20
<b>Total</b>	<b>-</b>	<b>15,095</b>	<b>58,881</b>	

#### 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 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 2021 are as follows:

	Level 1 \$'000	Level2 \$'000	Level 3 \$'000	Date of Valuation
Roads	-	-	239,719	Jun-20
Bridges	-	-	24,819	Jun-20
Footpaths and cycle ways	-	-	14,346	Jun-20
Drainage	-	-	42,197	Jun-20
Recreational, leisure and community facilities	-	-	26,021	Jun-20
Waste management	-	-	2,935	Jun-20
Parks, open space and streetscapes	-	-	309	Jun-20
Aerodromes	-	-	10,837	Jun-20
Other infrastructure	-	-	1,117	Jun-20
<b>Total</b>	<b>-</b>	<b>-</b>	<b>362,300</b>	

**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.

**Specialised buildings** are valued using a depreciated 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 \$291 to \$12,360 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 depreciated 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.

	2021 \$'000	2020 \$'000
<b>Reconciliation of specialised land</b>		
Land under roads	14	14
Parks and reserves	12,611	12,611
<b>Total specialised land</b>	<b>12,625</b>	<b>12,625</b>

**NOTE 7. PEOPLE AND RELATIONSHIPS****7.1 Council and key management remuneration****(a) Related Parties***Parent entity*

Glenelg Shire Council is the parent entity.

Local Port of Portland Bay is a Related entity.

Other associated entities are Great South Coast Group, Rail Freight Alliance & Timber Towns. There are no other subsidiaries or associated entities.

**(b) Key Management Personnel**

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

	2021 NO.	2020 NO.
<b>Councillors</b>		
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 6 November 2020)	1	-
Councillor Jayden Smith (Commenced role 6 November 2020)	1	-
Councillor Scott Martin (Commenced role 6 November 2020)	1	-
Councillor Robert Halliday	1	1
Councillor Alistair McDonald (period of absence 27/11/19 - 27/1/20)	1	1
Councillor Geoff White	1	1
<b>Executive</b>		
Greg Burgoyne (Chief Executive Officer - 2020/2021 & 2019/2020)	1	1
David Hol (Director Corporate Services - 2020/2021 & OHS Manager - 2019/2020)	1	1
Joan Lewis (Director Corporate Services - 2019/2020)	-	1
Edith Farrell (Director Assets & Acting Director Assets - 11/01/2020 - 30/03/2020)	1	1
Robert Alexander (Director Assets - 2019/2020)	-	1
Paul Phelan (Director - Community and Culture - commenced 11 May 2021)	1	-
Ann Kirkham (Acting Director Community & Culture - 1/07/2020 - 31/12/2020 & Chief Information Officer - 1/1/2021 - 30/06/2021)	1	1
Symonne Robinson (Acting Director Community & Culture - 4/1/2021 - 28/02/2021 & OHS Manager - 1/3/2021 - 30/06/2021)	1	-
<b>Total Number of Councillors</b>	<b>10</b>	<b>7</b>
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	<b>6</b>	<b>6</b>
<b>Total Number of Key Management Personnel</b>	<b>16</b>	<b>13</b>

(c) Remuneration of Key Management Personnel -

	2021 \$'000	2020 \$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,271	1,368
Post-employment benefits	87	96
Long-term benefits	10	48
Termination benefits	-	10
<b>Total</b>	<b>1,368</b>	<b>1,522</b>

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

	2021 NO.	2020 NO.
\$0 - \$9,999	3	-
\$10,000 - \$19,999	3	-
\$20,000 - \$29,999	4	5
\$30,000 - \$39,999	-	1
\$90,000 - \$99,999	1	-
\$100,000 - \$109,999	-	1
\$120,000 - \$129,999	1	1
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	2	1
\$200,000 - \$209,999	-	1
\$230,000 - \$239,999	1	1
\$300,000 - \$309,999	-	1
\$310,000 - \$319,999	1	-
<b>Total</b>	<b>16</b>	<b>13</b>

\*KMP in \$310,000 - \$319,000 band cashed out Annual Leave of \$9,730

(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:

	2021 NO.	2020 NO.
Income Range:	1	-
\$70,000 - \$79,999	-	1
\$90,000 - \$99,999	-	1
\$100,000 - \$109,999	-	1
\$120,000 - \$129,999	3	1
\$150,000 - \$159,999	2	1
\$160,000 - \$169,999	-	1
<b>Total</b>	<b>6</b>	<b>6</b>

	2021 \$'000	2020 \$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to	<b>871</b>	<b>823</b>

## 7.2 Related party disclosure

	2021 \$'000	2020 \$'000
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### (a) Transactions with related parties

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 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

4	1
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##### Councillor Karen Stephens -

A close family member is a KMP at Casterton Memorial Hospital - Service Contracts (Contract 2017-18-28; Contract 2018-19-02)

149	121
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##### Councillor Michael Carr -

G R Carr Pty Ltd controlled by close Family Member -

1,370	-
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All dealings are in the normal course of business and are on normal commercial terms and conditions.

### (b) Outstanding balances with related parties

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

9	6
---	---

#### Councillor Michael Carr - G R Carr Pty Ltd

550	-
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### (c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party as follows:

There were no loans to/from related parties

### (d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

#### Councillor Karen Stephens - Casterton Memorial Hospital

Contract CT 2017-18-28 1 Year Commitment = \$63k

90	90
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Contract CT 2018-19-02 6mth Commitment = \$27k

## 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:

	2021 \$'000	2020 \$'000
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	-	98
Trade and Other Receivables	23	35
<b>Total Current Assets</b>	<b>23</b>	<b>133</b>
<b>Non-Current assets</b>		
Property, infrastructure, plant and equipment	154	25
<b>Total Non-Current Assets</b>	<b>154</b>	<b>25</b>
<b>Total Assets</b>	<b>177</b>	<b>158</b>
<b>Liabilities</b>	-	-
<b>Net Assets</b>	<b>177</b>	<b>158</b>
<b>Represented by:</b>		
Accumulated Surplus	177	158
<b>Equity</b>	<b>177</b>	<b>158</b>

The operation of the Local Port of Portland Bay is an agreement between Glenelg Shire Council and the Department of Transport. Any assets are returnable on cessation of the agreement, current until 30 June 2022.

## NOTE 8 MANAGING UNCERTAINTIES

### 8.1 Contingent assets and liabilities

#### (a) Contingent assets

Council has no contingent assets as at 30 June 2021.

#### (b) Contingent liabilities

##### 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.

Future superannuation contributions

There were no contributions outstanding and no loans issued from or to the above scheme as at 30 June 2021. There are no known contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021. As these balances are exposed to various assumptions, including discount rates, unemployment rates, future salary increase, equity markets Council will monitor the impact of COVID-19 and any potential future liability.

##### Landfill

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

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

##### MAV Workcare

“In November 2017, the Victorian WorkCover Authority (the Authority) granted the Municipal Association of Victoria (MAV) a three-year self-insurance licence allowing it to provide workers’ compensation insurance to Victorian councils. When the MAV WorkCare Scheme commenced, there were 31 inaugural members, including the MAV.

In accordance with the Authority’s decision not to renew the MAV’s self-insurance licence, the MAV WorkCare Scheme ceased operation on 30 June 2021. The MAV is continuing to support the orderly transition of claims management responsibilities to the Authority. Council was a participant of the MAV WorkCare Scheme.

The MAV WorkCare Scheme participation agreement stated that each participant would 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 would continue whether or not the participant remained a participant in future insurance years. The net financial impact on Council as a result of the cessation of the MAV WorkCare Scheme for the 2020-21 financial year is yet to be determined. Any obligation is dependent upon the Authority’s initial actuarial assessment of the tail claims liabilities of the MAV WorkCare Scheme.

In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six- year liability period following the cessation of the MAV WorkCare Scheme. During the liability period, adjustment payments may be required (or received) by Council. The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme’s tail claims liabilities as undertaken by the Authority.”

#### (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 4 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.

### 8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. Council assesses the impact of these new standards. As at 30 June 2021 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2022 that are expected to impact Council.

### 8.3 Financial instruments

#### (a) Objectives and policies

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

#### (b) Market risk

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

##### Interest rate risk

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

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. 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 parallel shift of + .5% and -.5% in market interest rates (AUD) from year-end rates of 0.40%.

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

**8.4 Fair value measurement***Fair value hierarchy*

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

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

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

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

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

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

*Revaluation*

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. 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.

**8.5 Events occurring after balance date**

On 20th August 2021 the Victorian State Government in response to COVID-19 imposed a full state-wide lockdown on the entire state of Victoria as of Saturday 21st August 2021.

In response Council was required to close a number of facilities such as the Portland and Acquatic Centre, Visitor Information Centres and Arts Centres, whilst services such as Early Learning Education experienced greatly reduced capacity and reverted some of its operations (such as customer service) back to remote or non-contact.

No adjustments to balances are required as at 30 June 2021. The 2021/2022 Adopted Budget (adopted 22 June 2021) assumed a continuation of conditions as at April 2021 through the 2021/2022 financial year. The lockdowns experienced so far in 2021/2022 are expected to have an impact on budgeted user fees income in the areas of the Portland Leisure and Acquatic Centre, Visitor Information centres, Arts Centres and Early Childhood Education. Additional costs have been factored into the budget for complying with COVID requirements for maintenance and cleaning of facilities. Council initiated a specific Hardship Guideline for COVID-19 in response to this crisis in March 2020 which is still relevant for the 2021/22 FY. Impacts of any COVID-19 related events in 2021/2022 will be reported at future Quarterly Forecast Reviews.

**NOTE 9. OTHER MATTERS****9.1 Reserves****(a) Asset revaluation reserves**

	BALANCE AT BEGINNING OF REPORTING PERIOD \$'000	INCREMENT (DECREMENT) \$'000	BALANCE AT END OF REPORTING PERIOD \$'000
<b>2021</b>			
<b>Property</b>			
Land and land improvements	18,175	15	18,190
Buildings	47,758	(880)	46,878
	65,933	(865)	65,068
<b>Infrastructure</b>			
Roads	166,136	36	166,172
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
Off-street car parks	(382)	-	(382)
	245,284	59	245,343
<b>Total asset revaluation reserves</b>	<b>311,217</b>	<b>(806)</b>	<b>310,411</b>
<b>2020</b>			
<b>Property</b>			
Land and land improvements	17,079	1,096	18,175
Buildings	25,931	21,827	47,758
	43,010	22,923	65,933
<b>Infrastructure</b>			
Roads	176,448	(10,312)	166,136
Bridges	7,425	(1,224)	6,201
Footpaths and cycle ways	925	3,585	4,510
Drainage	48,465	1,042	49,507
Recreational, leisure and community facilities	10,606	(96)	10,510
Waste management	165	517	682
Aerodromes	6,255	3	6,258
Off-street car parks	1,322	540	1,862
Parks, open space and streetscapes	12	(394)	(382)
	251,623	(6,339)	245,284
<b>Total asset revaluation reserves</b>	<b>294,633</b>	<b>16,584</b>	<b>311,217</b>

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
<b>2021</b>			
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.

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

	2021 \$'000	2020 \$'000
Surplus/(deficit) for the year	(186)	(2,953)
Depreciation and amortisation	13,013	8,478
Net loss on disposal of property, infrastructure, plant and equipment	1,513	1,536
Landfill provision adjustment	(2,551)	4,229
Finance costs	23	11
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(436)	697
(Increase)/decrease in prepayments	(32)	(104)
Increase in trade and other payables	11,868	(63)
(Decrease)/increase in other liabilities	575	657
(Increase)/decrease in inventories	(310)	363
Increase/(decrease) in provisions - employee	549	386
Net cash provided by/(used in) operating activities	<b>24,025</b>	<b>13,237</b>

**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 Operating Statement when they are made or due.

**Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2021, this was 9.5% as required under Superannuation Guarantee (SG) legislation).

**Defined Benefit**

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of [Employer name] in the Fund cannot be measured as a percentage compared with other

participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

**Funding arrangements**

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

A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.6% pa

Salary information 2.5% pa for two years and 2.75% pa thereafter

Price inflation (CPI) 2.0% pa

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

Vision Super has advised that the VBI at 30 June 2021 was 109.7%. The financial assumptions used to calculate this VBI were:

Net investment returns 4.8% pa

Salary information 2.75%

Price inflation (CPI) 2.25% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2020 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****Regular contributions**

On the basis of the results of the 2020 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2021, this rate was 9.5% of members' salaries (9.5% in 2019/2020). 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.

**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 2020 triennial actuarial investigation surplus amounts

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

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

	2020 (TRIENNIAL) \$M	2019 (INTERIM) \$M
- A VBI Surplus	100.0	151.3
- A total service liability surplus	200.0	233.4
- A discounted accrued benefits surplus	217.8	256.7

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 2020.

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 2020.

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 2020.

Council was notified of the 30 June 2020 VBI during August 2020 (2019: August 2019).

#### The 2021 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2021 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2021.

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

#### Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2020 are detailed below:

Scheme	Type of Scheme	Rate	2021 \$'000	2020 \$'000
Vision super	Defined benefit	9.50%	115	131
Vision super	Accumulation fund	9.50%	1,174	1,225

In addition Council has made superannuation contributions to other funds totalling \$567,000 (2019/20 \$440,000).

There were \$71,000 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2021.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 is \$121,000.

## NOTE 10 CHANGE IN ACCOUNTING POLICY

### a) AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

Council has adopted AASB 1059 Service Concession Arrangements: Grantors, from 1 July 2020.

### b) AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

Council has adopted AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material, from 1 July 2020 .

### c) AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

Council has adopted AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework from 1 July 2020.

The adoption of these standards did not have any significant impact on council.



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