

Glenelg Shire Council

ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2026

Glenelg Shire Council

Financial Report

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Certification of the Financial Statements

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

Rebecca Campbell CPA
Principal Accounting Officer

Dated : 30 September 2026
Portland

In our opinion, the accompanying financial statements present fairly the financial transactions of the Glenelg Shire Council for the year ended 30 June 2026 and the financial position of the Council as at that date.

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

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

Karen Stephens
Councillor
Dated :
Portland

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Matt Jowett
Councillor
Dated :
Portland

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Helen Havercroft
Chief Executive Officer
Dated :
Portland

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Comprehensive Income Statement For the Year Ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Income			
Rates and Charges	3.1	31,910	33,431
Statutory Fees and Fines	3.2	860	687
User Fees	3.3	2,908	2,724
Grants - Operating	3.4	23,922	22,264
Grants - Capital	3.4	5,826	12,590
Contributions - Monetary	3.5	64	60
Contributions - Non Monetary	3.5	1,145	494
Other Income	3.6	3,814	2,205
Total Income		70,447	74,456
Expenses			
Employee Costs	4.1	26,941	25,965
Materials and Services	4.2	22,795	20,020
Depreciation	4.3	15,754	15,622
Depreciation - Right of Use Assets	4.4	206	254
Allowance for Impairment Losses	4.5	(3)	14
Borrowing Costs	4.6	190	10
Finance Costs - Leases	4.7	13	23
Net Loss on disposal of Property, Infrastructure, Plant and Equipment	4.8	456	423
Change in Landfill Provision	5.5	239	(704)
ERP Project	4.9	1,054	721
Other Expenses	4.10	2,641	3,088
Total Expenses		70,286	65,436
Surplus/(deficit) for the year		161	9,020
Other Comprehensive Income			
Items that will not be reclassified to surplus or deficit in future periods			
Net Asset Revaluation Gain/(Loss)	9.1	74,354	6,320
Total Other Comprehensive Income		74,354	6,320
Total Comprehensive Result		74,515	15,340

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

Balance Sheet As at 30 June 2026

	Note	2026 \$'000	2025 \$'000
Assets			
Current Assets			
Cash and Cash Equivalents	5.1	21,591	13,933
Trade and Other Receivables	5.1	3,925	3,677
Inventories	5.2	422	628
Prepayments	5.2	775	454
Other Assets	5.2	113	191
Total Current Assets		26,826	18,883
Non-Current Assets			
Property, Infrastructure, Plant and Equipment	6.1	641,310	574,685
Right-of-Use Assets	5.8	151	321
Total Non-Current Assets		641,461	575,006
Total Assets		668,287	593,889
Liabilities			
Current Liabilities			
Trade and Other Payables	5.3	3,079	4,124
Trust funds and Deposits	5.3	1,697	1,423
Contract and Other Liabilities	5.3	5,598	4,762
Interest-Bearing Liabilities	5.4	262	-
Provisions	5.5	5,481	5,584
Lease Liabilities	5.8	157	197
Total Current Liabilities		16,274	16,090
Non-Current Liabilities			
Interest-Bearing Liabilities	5.4	3,530	4,000
Provisions	5.5	5,502	5,202
Lease Liabilities	5.8	-	132
Total Non-Current Liabilities		9,032	9,333
Total Liabilities		25,306	25,423
Net Assets		642,981	568,466
Equity			
Accumulated surplus		134,957	134,796
Reserves	9.1	508,024	433,670
Total Equity		642,981	568,466

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

Statement of Changes in Equity For the Year Ended 30 June 2026

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2026					
Balance at beginning of the financial year		568,466	134,796	432,989	681
Surplus/(deficit) for the year		161	161	-	-
Net asset revaluation gain/(loss)	9.1	74,354	-	74,354	-
Balance at End of the Financial Year		642,981	134,957	507,343	681

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2025					
Balance at beginning of the financial year		553,126	126,000	426,669	457
Surplus/(deficit) for the year		9,020	9,020	-	-
Net asset revaluation gain/(loss)	6.1	6,320	-	6,320	-
Transfers to other reserves	9.1	-	(224)	-	224
Balance at End of the Financial Year		568,466	134,796	432,989	681

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

Statement of Cash Flows For the Year Ended 30 June 2026

	2026 Inflows/ (Outflows) \$'000	2025 Inflows/ (Outflows) \$'000
Cash Flows from Operating Activities		
Rates and charges	31,259	33,336
Statutory fees and fines	860	687
User fees	3,520	3,232
Grants - operating	23,698	21,815
Grants - capital	6,866	7,768
Contributions - monetary	64	60
Interest received	525	398
Other receipts	3,289	1,746
Net GST refund/payment	29	90
Employee costs	(26,819)	(25,188)
Materials and services	(23,891)	(20,301)
Short-term, low value and variable lease payments	(65)	(60)
Net Trust funds and deposits paid	145	(250)
ERP Project	(1,054)	(721)
Other payments	(2,093)	(2,333)
Net Cash provided by Operating Activities	<u>16,332</u>	<u>20,280</u>
Cash Flows from Investing Activities		
Payments for property, infrastructure, plant and equipment	(8,596)	(16,536)
Proceeds from sale of property, infrastructure, plant and equipment	540	256
Net Cash used in Investing Activities	<u>(8,056)</u>	<u>(16,280)</u>
Cash Flows from Financing Activities		
Finance costs	(190)	(10)
Proceeds from borrowings	-	4,000
Repayment of borrowings	(208)	(282)
Interest paid - Lease Liability	(13)	(23)
Repayment of Lease Liabilities	(207)	(255)
Net Cash used in Financing Activities	<u>(618)</u>	<u>3,430</u>
Net increase (decrease) in Cash and Cash Equivalents	7,658	7,430
Cash and Cash Equivalents at the beginning of the Financial Year	13,933	6,503
Cash and Cash Equivalents at the end of the Financial Year	<u>21,591</u>	<u>13,933</u>

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

Statement of Capital Works For the Year Ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Property			
Buildings		604	333
Total Buildings		604	333
Total Property		604	333
Plant and Equipment			
Cultural Collection Renewal Program		15	26
Plant, Machinery and Equipment		1,884	1,405
Fixtures, fittings and furniture		19	-
Library Books		81	84
Total Plant and Equipment		1,999	1,515
Infrastructure			
Roads		3,739	7,314
Roads - Funded Projects		98	1,306
Bridges		170	-
Footpaths and Cycleways		65	123
Drainage		228	2,369
Recreational, Leisure and Community Facilities		169	207
Waste Management		-	3
Parks, Open Space and Streetscapes		13	961
Aerodromes		41	72
Car Parks		19	-
Other Infrastructure		1,451	943
Total Infrastructure		5,993	13,298
Total Capital Works Expenditure		8,596	15,146
Represented by:			
New Asset Expenditure		346	1,415
Asset Renewal Expenditure		6,984	11,004
Asset Upgrade Expenditure		1,266	2,727
Total Capital Works Expenditure		8,596	15,146

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

Notes to the Financial Report

For the Year Ended 30 June 2026

NOTE 1: OVERVIEW

Introduction

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

Statement of Compliance

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

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

Accounting Policy Information

1.1 Basis of Accounting

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Specific accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

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

The financial statements have been prepared on a going concern basis. Council's overall financial performance and position have improved again in 2025/26. The improved result for 2025/26 was due to the 80% early payment of 2026/27 Financial Assistance Grants, and balance of the 2025/26 Financial Assistance Grants (50%) being received. The improved cash position at 30 June 2026 is due to early payment of \$5.2M of Capital Grant funding, deferral of \$7M of capital works projects to 2026/27. Council still expects to draw down \$3M to help fund the completion of carried forward capital works in 2026/27.

The timing of the early payment of Financial Assistance Grants grant funding will impact forecast results for 2026/27 as we are only expecting to receive the remaining 20%. This will impact the net operating result. Council will not find out until around May 2027 if it will be receiving an early payment of 2027/28 Financial Assistance Grants.

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.b)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.b)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not AASB 1059 Service Concession Arrangements: Grantors is applicable.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year.

Goods and Services Tax (GST)

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

1.2 Impact of emergencies and natural disasters

During 2025/26 emergencies or natural disasters impacted Council's operations. Council has considered possible impacts and determined that there are no significant impacts on its financial operations.

1.3 Impacts of other external events

Council has considered ongoing external events that have contributed to volatility in international markets, disrupted global supply chains and increased inflationary pressure, including the risk that they may cause significant changes in the carrying values of assets and liabilities in the next financial year, and has concluded that there is no material impact on the 2025/26 financial report that requires additional disclosure.

Notes to the Financial Report For the Year Ended 30 June 2026

NOTE 2: ANALYSIS OF OUR RESULTS

2.1 Performance against Budget

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

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

2.1.1 Income and Expenditure

	Budget 2026 \$'000	Actual 2026 \$'000	Variance \$'000	Variance %	Ref
Income					
Rates and charges	35,818	31,910	(3,908)	-11%	1
Statutory fees and fines	718	860	142	20%	
User fees	2,873	2,908	35	1%	
Grants - Operating	16,773	23,922	7,149	43%	2
Grants - Capital	10,627	5,826	(4,801)	-45%	3
Contributions - Monetary	69	64	(5)	-7%	
Contributions - Non monetary	65	1,145	1,080	100%	4
Other income	1,163	3,814	2,651	228%	5
Total Income / Revenue	68,105	70,447	2,342	3%	
Expenses					
Employee costs	28,240	26,941	(1,299)	-5%	
Materials and services	20,717	22,795	2,078	10%	6
Depreciation	13,170	15,754	2,584	20%	7
Depreciation - Right of use assets	226	206	(20)	-9%	
Allowance for impairment losses	-	(3)	(3)	100%	
Borrowing costs	363	190	(173)	-48%	
Finance costs - Leases	27	13	(14)	-51%	
Net loss on disposal of Property, infrastructure, plant and equip	(472)	456	928	-197%	
Other expenses - Landfill provision adjustment	(450)	239	689	-153%	8
Other expenses - ERP project	990	1,054	64	6%	
Other expenses	2,374	2,641	267	11%	
Total Expenses	65,186	70,286	5,100	8%	
Surplus/(deficit) for the year	2,919	161	(2,758)		

Notes to the Financial Report For the Year Ended 30 June 2026

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and Charges	Rates and Charges were lower than budget by \$3.9M due to receipt of the Primary Production Grant for \$3.9M to subsidise the State Government's Primary Production rebate (Drought relief). \$3.9M of grant funding was received in lieu of rates income.
2	Grants - Operating	Operating Grants were \$7.1M higher than the 2025/26 Adopted Budget due to receiving \$5.6M more than budget for Commonwealth Financial Assistance Grants and receipt of \$3.9M of grant funding from the State Government to subsidise the Primary Production drought relief rebate for eligible ratepayers. This was offset by \$2M of Child care subsidy that was not recognised as operating grant funding due to a reclassification to other income.
3	Grants - Capital	Capital Grants are \$4.8M less than the 2025/26 Adopted Budget due to the following: the Portland Foreshore Community infrastructure refurbishment project was delayed resulting in a \$3.4M reduction; a delay in the Gymnastics building upgrade project resulted in a \$1M reduction; and a delay in completion of R2R projects resulted in a reduction of \$460k. This was offset by the receipt of unbudgeted Capital Grant income of \$100k for some fully funded Safer Local Roads projects.
4	Contributions - Non Monetary	Contributions - Non monetary were \$1M higher than budget due mainly to unbudgeted asset recognitions for 2026/27. These asset recognitions record the value of assets identified throughout the year that weren't previously included in Council's asset register such as subdivision infrastructure contributed to Council.
5	Other Income	Other Income was \$2.7M higher than Adopted Budget due to the following: \$1.4M of Childcare subsidy was recognised as Other income but the budget was allocated to Operating Grants (reclassified to Other income during 2025/26); Interest received was \$475k higher as a result of higher cash balances and interest rates; \$137k of income was received from Govt agencies to facilitate various works and \$114k of unbudgeted income for the Container deposit scheme was received.
6	Materials and services	For 2025/26, Materials and services expenditure was \$2M higher than budget due mainly to: \$760k of carry forward expenditure per Oct 2025 Council report, \$400k higher in Waste Transfer station contractor charges, \$212k of higher utilities costs; \$47k of additional insurance costs and \$160k of higher software costs for the organisation.
7	Depreciation	Depreciation is 20% higher than budget due to the impact of the revaluations undertaken in 2025/26. Council was unable to estimate the annual amount of depreciation until the revaluation was completed.
8	Other Expenses - Landfill Provision adjustment	The adjustment to the Landfill Provision has resulted in an expense rather than income for 2025/26. Although a reduction in the provision amount was recognised for the year, the impact of the change in the inflation and discount rates over time has resulted in an increase in liability (20 years remaining for the provision).

Notes to the Financial Report For the Year Ended 30 June 2026

2.1.2 Capital Works

	Budget 2026 \$'000	Actual 2026 \$'000	Variance \$'000	Variance %	Ref
Property					
Buildings	4,822	604	(4,218)	-87%	1
Total Buildings	4,822	604	(4,218)	-87%	
Total Property	4,822	604	(4,218)	-87%	
Plant and Equipment					
Cultural Collection Renewal Program	15	15	(0)	-2%	
Plant, Machinery and Equipment	2,242	1,884	(358)	-16%	
Fixtures, Fittings and Furniture	10	19	9	89%	
Library Books	95	81	(14)	-14%	
Total Plant and Equipment	2,362	1,999	(363)	-15%	
Infrastructure					
Roads	4,330	3,739	(591)	-14%	2
Roads - Funded projects	-	98	98	100%	
Bridges	150	170	20	13%	
Footpaths and Cycleways	110	65	(45)	-41%	
Drainage	150	228	78	52%	
Recreational, Leisure and Community Facilities	1,450	169	(1,281)	-88%	3
Waste Management	20	-	(20)	-100%	
Parks, Open Space and Streetscapes	40	13	(27)	-68%	
Aerodromes	50	41	(9)	-18%	
Car Parks	50	19	(31)	-62%	
Other Infrastructure	1,711	1,451	(260)	-15%	
Total Infrastructure	8,061	5,993	(2,068)	-26%	
Total Capital Works Expenditure	15,245	8,596	(6,649)	-44%	
Represented by:					
New Asset Expenditure	327	346	19	6%	
Asset Renewal Expenditure	12,529	6,984	(5,545)	-44%	
Asset Upgrade Expenditure	2,389	1,266	(1,123)	-47%	
Total Capital Works Expenditure	15,245	8,596	(6,649)	-44%	

Notes to the Financial Report For the Year Ended 30 June 2026

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	There was a \$4.2M underspend in Buildings for 2025/26 due mainly to the delay in completion of the Portland Foreshore Community Infrastructure refurbishment project. During 2025/26 the funding agreement was varied and the project completion date was varied to 1 December 2026. This resulted in the 2025/26 project budget reducing from \$4.4M down to \$3.5M. A \$3.5M project underspend has been factored into the 2026/27 budget.
2	Roads	2025/26 saw an underspend in Roads of approx \$600k. This variance was due to some underspends in Roads to Recovery projects.
3	Recreational, Leisure and Community Facilities	There was a \$1.2M underspend in Recreational, Leisure and Community Facilities for 2025/26. This is due predominantly to the delay in completion of the Portland Gymnastics facility upgrades. Council has worked with the Department during 2025/26 and the project has been rescope and the funding agreement varied as a result. The \$1.1M underspend has been factored into the 2026/27 budget.

Notes to the Financial Report

For the Year Ended 30 June 2026

2.2 Analysis of Council results by Program

Council delivers its functions and activities through the following programs.

2.2.1 Summary of Council Programs

Chief Executive

The CEO provides high level strategic advice to the Mayor and Councillors and oversees the administrative function of Council ensuring good governance and sustainable financial practices. Assisted by the Executive Team, the CEO is responsible for the day to day operations of the organisation, ensuring the health and safety of staff and implementing the policies and decisions of Council. With a focus on good governance and financial sustainability, 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 Communications & Media, People & Culture 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 values, objectives and goals of the organisation. This team includes Corporate Governance, Finance and Rates, Emergency Management, OHS, Local Laws, Building Services and Environmental Health.

Glenelg Futures

Glenelg Futures comprised Digital Glenelg, Information Technology, and Information and Data Management. The Glenelg Futures department leads initiatives that improve business processes, increases productivity, and enhances customer experiences whilst overseeing the management of information and communication technology IT infrastructure, cybersecurity, and data privacy.

Community Services

Community Services delivers a range of services for the community and provides support to projects which promote community capacity building and enhance community wellbeing. The key service units include Community Wellbeing, Sport & Recreation, Children's Services, Library and Information Services, Planning, Economic Development and Tourism, Community Grants, Visitor Information Centres, Strategic Reporting and Arts and Culture.

Infrastructure Services

The Infrastructure Services Department comprises Projects & Engineering, Environment & Facilities, Roads & Infrastructure Maintenance, Local Port Operations and Airport Operations service areas. The Director of Infrastructure Services 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.

Notes to the Financial Report For the Year Ended 30 June 2026

2.2.2 Summary of Income, Expenses, Assets and Capital expenses by Program

	Income	Expenses	Surplus/ (Deficit)	Grants included in Income	Total Assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2026					
Chief Executive Department	37	2,397	(2,361)	-	25,918
Corporate Services	43,354	8,381	34,973	13,529	124,455
Glenelg Futures	-	4,773	(4,773)	-	28,857
Community Services	6,297	11,645	(5,348)	3,792	224,607
Infrastructure Services	20,759	43,090	(22,331)	12,427	264,450
	70,447	70,286	161	29,748	668,287

	Income	Expenses	Surplus/ (Deficit)	Grants included in Income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2025					
Chief Executive Department	29	2,338	(2,309)	-	28,964
Corporate Services	42,916	8,365	34,551	10,195	112,797
Glenelg Futures	-	4,352	(4,352)	-	30,377
Community Services	6,039	11,541	(5,502)	4,969	196,393
Infrastructure Services	25,472	38,840	(13,368)	19,690	225,358
	74,456	65,436	9,020	34,854	593,889

Notes to the Financial Report For the Year Ended 30 June 2026

NOTE 3: FUNDING FOR THE DELIVERY OF OUR SERVICES

	2026	2025
	\$'000	\$'000

3.1 Rates and charges

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

The valuation base used to calculate general rates for 2025/26 was \$8.328 billion (2024/25 \$8.774 billion).

General Rates	26,656	25,860
Service Rates and Charges - Kerbside Collection	4,346	2,811
Revenue in lieu of rates	4,723	4,723
Cultural and Recreational Land	30	29
Primary Production rebate (Drought relief)	(3,956)	-
Supplementary rates and rate adjustments	111	8
Total Rates and charges	31,910	33,431

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2025 and the valuation was first applied in the rating year commencing 1 July 2025. Annual rates and charges are recognised as income when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

Animal Registrations	243	221
Building Fees	146	59
Local Laws licences, registrations and fees	104	24
Town Planning fees	168	193
Health licences, registrations and fees	98	99
Infrastructure permits	67	42
Other licences, registrations and fees	35	49
Total Statutory fees and fines	860	687

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

3.3 User Fees

Aerodromes	45	35
Building Fees	178	241
Children's Services	391	390
Caravan Parks	54	187
Council owned Local Port	351	312
Leases and Licences income	316	125
Saleyards	11	12
Waste Management Services	1,382	1,264
Other fees and charges	180	158
Total User Fees	2,908	2,724

User Fees by timing of revenue recognition		
User fees recognised at a point in time	2,908	2,724
Total User Fees	2,908	2,724

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

Notes to the Financial Report For the Year Ended 30 June 2026

3.4 Funding from other levels of Government

	2026 \$'000	2025 \$'000
Grants were received in respect of the following:		
Summary of Grants		
Commonwealth funded grants	21,127	24,812
State funded grants	8,621	10,042
Total Grants received	29,748	34,854
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	15,316	16,704
Recurrent - State Government		
Children's Services	804	1,066
Community Wellbeing	93	85
Emergency Response (MECC)	120	120
Environmental Health	12	10
Library Services	210	210
Portland Bay Local Port	186	186
Maternal and Child Health	513	485
Youth Services	73	73
Total Recurrent Operating Grants	17,327	18,939
Non-recurrent - Commonwealth Government		
Children's Services^	-	1,424
Planning	-	115
Arts and Culture	7	15
Financial Assistance Grants	69	35
Sport and Recreation	7	3
Non-recurrent - State Government		
Arts and Culture	237	194
Children's Services	1,488	1,240
Community Wellbeing	2	37
Planning*	80	(9)
Storm Damage funding *	20	(100)
Environmental Planning	77	77
Emergency Response (MECC)	-	30
Environmental Health	-	37
Infrastructure	-	30
Library Services	150	6
Local Port Better Boating	89	87
Maternal and Child Health	16	19
Rates & Valuations	198	-
Primary Production drought relief funding	3,961	-
School Crossing Supervisors	81	78
Youth Services	113	6
Total Non-Recurrent Operating Grants	6,595	3,325
Total Operating Grants	23,922	22,264

* Note - Refunds are due to unexpended grant funding recognised in a prior year being returned to Grantor in subsequent years. 2024/25 relates to Flood and Planning funding.

^ Children's Services Grant income has been reclassified as Other income in 2025/26 due to its funding characteristics

Notes to the Financial Report For the Year Ended 30 June 2026

3.4 Funding from other levels of Government (continued)

	2026 \$'000	2025 \$'000
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to Recovery	3,175	3,213
Total Recurrent Capital Grants	3,175	3,213
<i>Non-Recurrent - Commonwealth Government</i>		
Local Roads and Infrastructure funding (LRCI)	2,553	3,303
<i>Non-Recurrent - State Government</i>		
Safer Local Roads funding	98	2,697
Infrastructure	-	2,909
Recreational & Community Facilities	-	101
Portland Bay Local Port	-	367
Total Non-Recurrent Capital Grants	2,651	9,377
Total Capital Grants	5,826	12,590

(c) Recognition of Grant Income

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

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

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

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

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

General purpose	16,031	17,299
Specific purpose grants to acquire non-financial assets	5,826	12,590
Other specific purpose grants	3,108	3,191

Revenue recognised under AASB 15 Revenue from Contracts with Customers

Specific purpose grants	4,783	1,774
	29,748	34,854

(d) Unspent Grants received on condition that they be spent in a specific manner

Operating

Balance at start of year	442	890
Received during the financial year and remained unspent at balance date	177	120
Received in prior years and spent during the financial year	(397)	(568)
Received in prior years and returned to funding body	(4)	-
Balance at year end	218	442

Capital

Balance at start of year	4,190	9,012
Received during the financial year and remained unspent at balance date	1,630	313
Received in prior years and spent during the financial year	-	(5,135)
Received in prior years and returned to funding body	(590)	-
Balance at year end	5,230	4,190

Notes to the Financial Report For the Year Ended 30 June 2026

	2026 \$'000	2025 \$'000
3.5 Contributions		
Monetary Contributions	33	60
Monetary Contributions - L2P	31	-
Non-Monetary - Other	17	11
Non-Monetary - Free Waste	76	94
Non-Monetary - Asset Recognitions	1,052	389
Total Contributions	1,209	554

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

3.6 Other Income

Child Care Subsidy*	1,421	-
Interest	525	398
Insurance proceeds	165	567
Reimbursements	363	422
Sales and Commission	793	556
Other Miscellaneous	547	262
Total Other Income	3,814	2,205

* Children's Services Grant income has been reclassified from Operating Grant Income in 2025/26 due to its funding characteristics

Interest is recognised as it is earned.

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

Notes to the Financial Report For the Year Ended 30 June 2026

	2026	2025
	\$'000	\$'000

NOTE 4: THE COST OF DELIVERING SERVICES

4.1 (a) Employee costs

Wages and salaries	23,194	22,671
WorkCover	819	567
Superannuation	2,690	2,526
Fringe benefits tax	211	201
Other employee costs	27	-
Total Employee Costs	26,941	25,965

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	80	70
	80	70
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions - Local Authorities Superannuation Fund (Vision Super)	1,227	1,211
Employer contributions - Australian Super	375	260
Employer contributions - HOSTPLUS superannuation fund	123	156
Employer contributions - CBUS super	124	132
Employer contributions - Retail employees superannuation trust	106	86
Employer contributions - other funds	654	611
	2,609	2,456
Employer contributions payable at reporting date	100	192

At 30 June 2026, \$115k of Employee Super Contributions were owing at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and Services

Aquatic Facility Contract & Maintenance	1,066	1,638
Emergency Works	385	390
Fuel & Oil	800	689
Fuel Facility	388	185
General Materials and Services costs	9,303	7,425
Information Technology	1,574	1,462
Insurance	972	936
Maternal & Child Health contract	687	683
Utilities	1,628	1,630
Waste Contracts	5,992	4,982
Total Materials and Services	22,795	20,020

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

Notes to the Financial Report For the Year Ended 30 June 2026

	2026 \$'000	2025 \$'000
4.3 Depreciation		
Property	2,630	2,541
Plant and Equipment	1,145	1,003
Infrastructure	11,979	12,078
Total Depreciation	15,754	15,622

Refer to note 5.2(c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Depreciation - Right of Use Assets

Plant and Equipment	206	254
Total Depreciation - Right of Use Assets	206	254

4.5 Allowance for Impairment Losses

Other Debtors	3	4
Expected Credit Loss	(6)	10
Total Allowance for Impairment Losses	(3)	14

Movement in Allowance for Impairment losses in respect of debtors

Balance at the beginning of the year	10	-
New allowances recognised during the year	(6)	10
Balance at End of Year	4	10

An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.6 Borrowing Costs

Bank Interest	190	10
Total Borrowing Costs	190	10

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

4.7 Finance Costs - Leases

Interest - Lease Liabilities	13	23
Total Finance Costs - Leases	13	23

Notes to the Financial Report For the Year Ended 30 June 2026

	2026 \$'000	2025 \$'000
4.8 Net Loss (or Gain) on disposal of Property, Infrastructure, Plant and Equipment		
Proceeds of sale	540	256
Written down value of assets disposed	(997)	(679)
Total Net Gain/(Loss) on disposal of Property, Infrastructure, Plant and Equipment	(456)	(423)

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

4.9 ERP Project

Wages and salaries	171	111
Materials and Services	882	609
Total ERP Project	1,054	721

4.10 Other Expenses

Advertising	83	149
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals (Fees for 2023/24 and 2024/25 included in 2024/25).	71	134
Bank Fees	59	53
Communication expenses	201	290
Contributions and donations	382	445
Councillors' allowances	346	311
Memberships & subscriptions	217	317
Other expenses	68	134
Registrations & Licences	235	206
Seminars and training course fees	259	221
Statutory expenses	91	122
Travel and accomodation	51	77
Assets written-off / impaired	578	629
Total Other Expenses	2,641	3,088

Notes to the Financial Report For the Year Ended 30 June 2026

NOTE 5: INVESTING IN AND FINANCING OUR OPERATIONS

	2026	2025
	\$'000	\$'000
5.1 Financial Assets		
(a) Cash and cash equivalents		
Cash at Bank	21,583	13,925
Cash on Hand	8	8
Total cash and cash equivalents	21,591	13,933

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

(b) Trade and other receivables**Current****Statutory Receivables**

Rates Debtors	2,729	1,949
Net GST receivable	400	429

Non Statutory Receivables

Other Debtors	800	1,309
Allowance for expected credit loss - other debtors	(4)	(10)

Total current trade and other receivables	3,925	3,677
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Total Trade and Other Receivables	3,925	3,677
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Short term receivables are carried at invoice amount. An allowance for expected credit losses is recognised based on past experience and other objective evidence of expected losses. Long term receivables are carried at amortised cost using the effective interest rate method.

(c) Ageing of receivables

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

Current (not yet due)	173	-
Past due by up to 30 days	-	-
Past due by up to 60 days	-	-
Past due between 120 days	-	-
Past due by more than 1 year	65	-
Total Trade and Other Receivables	238	-

(d) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$800k (2025: \$1,309k) were impaired. The amount of the allowance raised against these debtors was \$4k (2025: \$10k). 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)	220	847
Past due by up to 30 days	52	55
Past due by up to 60 days	18	139
Past due between 120 days	57	33
Past due by more than 1 year	215	235
Total Trade and Other Receivables	562	1,309

Notes to the Financial Report For the Year Ended 30 June 2026

5.2 Non-Financial Assets	2026	2025
	\$'000	\$'000
(a) Inventories		
Inventories held for distribution	422	628
Total Inventories	422	628

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories 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	775	453
Other Assets	113	191
Total Other Assets	888	644

5.3 Payables, Trust Funds and Deposits and Contract and Other Liabilities

(a) Trade and other payables

Current

Non-Statutory Payables

Trade Payables	938	2,203
Accrued Expenses	1,509	1,329

Statutory Payables

Rates Prepayments	632	592
Total Trade and Other Payables	3,079	4,124

(b) Trust funds and deposits

Current

Refundable Deposits	619	657
Emergency Services Volunteer Fund (ESVF) Levy	579	301
Retention amounts	499	465
Total Trust Funds and Deposits	1,697	1,423

Trust funds and deposits

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

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.

Emergency Services and Volunteer Fund -

Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the State Government in line with that process.

Retention amounts -

Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Notes to the Financial Report For the Year Ended 30 June 2026

5.3 Payables, Trust Funds and Deposits and Contract and Other Liabilities (continued)	2026	2025
	\$'000	\$'000
(c) Contract and Other Liabilities		
Grants Received in Advance		
Current		
Grants Received in Advance - Operating	218	442
Grants Received in Advance - Capital	5,230	4,190
Other - Income in Advance	150	130
Total Grants Received in Advance	5,598	4,762
Total Contract and Other Liabilities	5,598	4,762

Grants Received in Advance

Grant consideration was received from funding bodies to support the construction of Operational and Capital projects. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed or project completed. Income is recognised to the extent of costs incurred-to-date. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations. Refer to Note 3.4c.

Other - Income in Advance

Contract and Other Liabilities includes consideration received in advance from customers. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer.

5.4 Interest-Bearing Liabilities

Current

Treasury Corporation of Victoria borrowings - secured	262	-
Total current interest-bearing liabilities	262	-

Non-current

Treasury Corporation of Victoria borrowings - secured	3,530	4,000
Total non-current interest-bearing liabilities	3,530	4,000

Total	3,792	4,000
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Borrowings are secured by a charge over Council's Rate Revenue.

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

Not later than one year	262	-
Later than one year and not later than five years	1,185	-
Later than five years	2,345	4,000
	3,792	4,000

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. These covenants are assessed for compliance after the reporting period based on specified financial ratios.

Notes to the Financial Report For the Year Ended 30 June 2026

5.5 Provisions

	Employee	Landfill Rehabilitation	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2026				
Balance at beginning of the Financial Year	6,094	4,499	193	10,786
Additional provisions	2,475	-	-	2,475
Amounts used	(2,456)	(260)	12	(2,704)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(15)	500	(59)	426
Balance at the end of the financial year	6,098	4,739	146	10,983
<i>Provisions - current</i>	5,224	258	-	5,482
<i>Provisions - non-current</i>	874	4,481	146	5,501
2025				
Balance at beginning of the Financial Year	5,839	5,282	229	11,350
Additional provisions	2,593	-	-	2,593
Amounts used	(2,220)	(78)	-	(2,298)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(118)	(705)	(37)	(860)
Balance at the end of the financial year	6,094	4,499	193	10,786
<i>Provisions - current</i>	5,314	255	15	5,584
<i>Provisions - non-current</i>	780	4,244	178	5,202
(a) Employee provisions			2026	2025
			\$'000	\$'000
Current provisions expected to be wholly settled within 12 months				
Annual Leave			2,013	1,893
Long Service Leave			441	451
			2,454	2,344
Current provisions expected to be wholly settled after 12 months				
Annual Leave			523	518
Long Service Leave			2,246	2,452
			2,769	2,970
Total current employee provisions			5,224	5,314
Non-current				
Long Service Leave			874	780
Total Non-current employee provisions			874	780
Aggregate carrying amount of employee provisions:				
Current			5,224	5,314
Non-current			874	780
Total aggregate carrying amount of employee provisions			6,098	6,094

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

Notes to the Financial Report For the Year Ended 30 June 2026

5.5 Provisions (continued)	2026	2025
	\$'000	\$'000

Annual leave

A liability for Annual Leave is recognised in the Provision for Employee Benefits as a Current Liability because Council does not have an unconditional right to defer settlement of the liability. Liabilities for Annual Leave are measured at nominal value as employees have a present entitlement to the Annual Leave benefit.

Long Service leave

Liability for Long Service Leave (LSL) is recognised in the Provision for Employee Benefits. Unconditional LSL is disclosed as a Current Liability as Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at Nominal Value. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a Non-Current Liability and measured at Present Value.

Key assumptions:

- discount rate	4.74%	4.20%
- index rate	4.15%	4.25%

(b) Landfill Rehabilitation Provision

Current	258	255
Non-Current	4,481	4,244
Total Landfill Rehabilitation Provision	4,739	4,499

Council is obligated to rehabilitate the Portland Landfill site to a particular standard, and continue to monitor and provide aftercare for up to 30 years after the closure date. At 30 June 2026, Council has 20 years left of the 30 year aftercare period. The costs associated with post closure monitoring and after care are to be included in the calculation of the rehabilitation provision. These costs are for the duration of EPA requirements. Any potential future revenue streams generated from the closure cannot be factored into the calculation. Council reviews the landfill rehabilitation provision on an annual basis, including the key assumptions listed below.

Key assumptions:

- discount rate	4.74%	4.20%
- index rate	3.75%	2.33%

(c) Gravel Pit Restoration provision

Current	-	15
Non-current	147	178
Total Gravel Pit Restoration provision	147	193

Key assumptions:

- discount rate	4.74%	4.20%
- index rate	4.15%	4.25%

5.6 Financing arrangements	2026	2025
	\$'000	\$'000

The Council has the following funding arrangements in place as at 30 June 2026:

Loan facilities - TCV	7,625	7,625
Credit Card facilities	300	300
Lease facilities	1,000	1,000
Total facilities	8,925	8,925
 Used facilities	 3,975	 4,387
Unused facilities	4,950	4,538

Notes to the Financial Report For the Year Ended 30 June 2026

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.

2026	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Aquatic Facilities	616	-	-	-	616
Cleaning/Other Contracts	11	-	-	-	11
Consultancies	237	59	39	-	335
IT	355	202	214	-	771
Maintenance Contracts	263	90	2	-	355
Maternal Child Health	633	633	474	-	1,740
Plant & Equipment	157	-	-	-	157
Pound Services	265	-	-	-	265
Security Services	29	6	-	-	35
Total	2,566	990	729	-	4,285
Capital					
Portland Foreshore Community Infrastructure refurbishment project	3,485	-	-	-	3,485
Portland Gymnastics Facility Upgrade	1,144	-	-	-	1,144
Safer Local Roads Projects	1,663	-	-	-	1,663
R2R Projects	4,958	4,547	4,547	-	14,052
Heavy Plant	170	-	-	-	170
Total	11,420	4,547	4,547	-	20,514

2025	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Aquatic Facilities	867	174	-	-	1,041
Cleaning/Other Contracts	11	4	-	-	15
Consultancies	376	161	-	-	537
IT	939	340	493	226	1,998
Leases	269	135	-	-	404
Maintenance Contracts	3,123	296	72	-	3,491
Maternal Child Health	633	633	1,107	-	2,373
Plant & Equipment	918	918	76	-	1,912
Pound Services	283	292	-	-	575
Quarry Product	7	-	-	-	7
Security Services	28	28	6	-	62
Waste Management	2,565	2,532	7,459	1,345	13,901
Total	10,019	5,513	9,213	1,571	26,316
Capital					
Foreshore Multipurpose	4,362	-	-	4,362	8,724
Local Roads and Infrastructure Phase 4	1,480	-	-	1,480	2,960
R2R Projects	3,638	4,320	9,094	17,052	34,104
Roads	110	110	-	220	440
Total	9,590	4,430	9,094	23,114	46,228

Notes to the Financial Report For the Year Ended 30 June 2026

5.8 Leases

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

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

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

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

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

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

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

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

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

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.

	2026 \$'000	2025 \$'000
Right-of-Use Assets		
Balance at 1 July 2025	321	530
Additions	36	45
Depreciation charge	(206)	(254)
Balance at 30 June 2026	151	321

Lease Liabilities

Maturity analysis - contractual undiscounted cash flows

Less than one year	157	211
One to five years	-	135
Total undiscounted lease liabilities as at 30 June:	157	346

Lease liabilities included in the Balance Sheet at 30 June:

Current	157	197
Non-Current	-	132
Total lease liabilities	157	329

Short-term and Low Value Leases:

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

Expenses relating to:

Short-term leases	61	56
Low value leases	3	-
Leases of low value assets	1	4
Total	65	60

Notes to the Financial Report For the Year Ended 30 June 2026

NOTE 6: ASSETS WE MANAGE

6.1 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

Summary of Property, Infrastructure, Plant and Equipment

	Carrying amount 30 June 2025								Carrying amount 30 June 2026	Closing WIP	Carrying amount 30 June 2026 incl WIP
	\$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	\$'000	\$'000	\$'000
Property	93,477	45	-	-	(2,630)	(181)	-	1,661	92,372	730	93,102
Plant and Equipment	11,345	1,983	-	-	(1,145)	(543)	0	20	11,660	-	11,660
Infrastructure	466,369	51	1,052	74,354	(11,979)	(273)	(578)	7,287	536,283	264	536,547
Work in Progress	3,494	6,517	-	-	-	-	(48)	(8,968)	994	-994	-
Total	574,685	8,596	1,052	74,354	(15,754)	(997)	(626)	-	641,310	(0)	641,310

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	700	1,669	-	(1,639)	730
Plant and Equipment	-	-	-	-	-
Infrastructure	2,794	4,849	(48)	(7,330)	264
Total	3,494	6,518	(48)	(8,969)	994

Notes to the Financial Report For the Year Ended 30 June 2026

(a) Property

	Land - specialised	Land - non specialised	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2025	25,228	16,513	41,741	13,344	105,357	13,385	132,087	700	174,527
Accumulated depreciation at 1 July 2025	-	-	-	(9,459)	(62,652)	(8,239)	(80,350)	-	(80,350)
	25,228	16,513	41,741	3,885	42,705	5,147	51,737	700	94,177
Movements in Fair Value									
Additions	-	-	-	5	35	6	45	1,669	1,714
Disposal	-	-	-	-	(613)	-	(613)	-	(613)
Transfers	-	-	-	45	1,616	-	1,661	(1,639)	22
	-	-	-	50	1,038	6	1,093	30	1,123
Movements in Accumulated Depreciation									
Depreciation and Amortisation	-	-	-	(313)	(2,177)	(141)	(2,631)	-	(2,631)
Accumulated Depreciation of Disposals	-	-	-	-	433	-	433	-	433
	-	-	-	(313)	(1,744)	(141)	(2,198)	-	(2,198)
At fair value 30 June 2026	25,228	16,513	41,741	13,394	106,395	13,391	133,179	730	175,649
Accumulated depreciation at 30 June 2026	-	-	-	(9,772)	(64,396)	(8,380)	(82,548)	-	(82,548)
Carrying amount	25,228	16,513	41,741	3,622	41,998	5,011	50,632	730	93,102

Notes to the Financial Report For the Year Ended 30 June 2026

(b) Plant and Equipment

	Heritage plant and equipment	Plant machinery and equipment	Fixtures fittings and furniture	Library books	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2025	3,254	17,973	2,252	2,065	-	25,543
Accumulated depreciation at 1 July 2025	-	(10,513)	(1,956)	(1,730)	-	(14,198)
	3,254	7,460	296	335	-	11,345
Movements in Fair Value						
Additions	15	1,714	173	81	20	2,003
Disposal	-	(1,703)	(64)	-	-	(1,767)
Transfers	-	-	20	-	(20)	-
	15	11	128	81	0	236
Movements in Accumulated Depreciation						
Depreciation and Amortisation	-	(925)	(91)	(128)	-	(1,145)
Accumulated Depreciation of Disposals	-	1,160	64	-	-	1,224
Accumulated Depreciation of Write Offs	-	-	-	-	-	-
	-	235	(27)	(128)	-	79
At fair value 30 June 2026	3,268	17,983	2,380	2,147	0	25,779
Accumulated depreciation at 30 June 2026	-	(10,277)	(1,983)	(1,858)	-	(14,118)
Carrying amount	3,268	7,706	397	289	0	11,660

Notes to the Financial Report For the Year Ended 30 June 2026

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Waste Management	Parks open space and streetscapes	Aerodromes	Off street car parks	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2025	351,335	61,148	40,119	112,493	61,970	4,449	572	17,296	2,007	2,794	654,184
Accumulated depreciation at 1 July 2025	(53,123)	(24,846)	(21,316)	(53,778)	(24,901)	(1,507)	(403)	(4,263)	(883)	-	(185,021)
	298,212	36,302	18,802	58,715	37,069	2,942	169	13,033	1,124	2,794	469,163
Movements in fair value											
Additions	-	-	-	-	-	27	-	24	-	4,849	4,899
Contributions	318	330	390	14	-	-	-	-	-	-	1,052
Revaluation	34,571	10,062	40,840	36,475	5,259	787	4	11,731	(81)	-	139,648
Disposal	(221)	(113)	(67)	-	-	-	-	(5)	(13)	-	(418)
Write-off	(914)	-	-	-	-	-	-	-	-	(48)	(962)
Transfers	5,188	151	469	991	392	57	-	17	22	(7,330)	(43)
	38,944	10,431	41,632	37,479	5,651	870	4	11,767	(72)	(2,530)	144,176
Movements in Accumulated Depreciation											
Depreciation and Amortisation	(5,016)	(796)	(1,809)	(1,952)	(1,717)	(138)	(15)	(480)	(56)	-	(11,979)
Accumulated Depreciation of Disposals	14	55	65	-	-	-	-	4	7	-	145
Revaluation movement	(11,899)	(7,820)	(13,567)	(23,260)	(4,540)	(192)	225	(4,304)	64	-	(65,293)
Accumulated Depreciation of Write Offs	335	-	-	-	-	-	-	-	-	-	335
Accumulated Depreciation of Revaluation	-	-	-	-	-	-	-	-	-	-	-
	(16,566)	(8,562)	(15,312)	(25,212)	(6,258)	(330)	210	(4,780)	15	-	(76,793)
At fair value 30 June 2026	390,279	71,579	81,751	149,972	67,621	5,320	576	29,063	1,935	264	798,360
Accumulated depreciation at 30 June 2026	(69,688)	(33,407)	(36,628)	(78,989)	(31,159)	(1,837)	(193)	(9,043)	(868)	-	(261,812)
Carrying amount	320,591	38,172	45,123	70,983	36,462	3,482	383	20,020	1,067	264	536,548

Notes to the Financial Report For the Year Ended 30 June 2026

Acquisition

Initial measurement

Council initially measures its property, infrastructure, plant and equipment assets at cost. The cost of an acquired asset is the fair value of the consideration that Council has provided at the date of acquisition plus any incidental costs attributable to the acquisition.

Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Refer to Note 8.4 for more information on how Council measures fair value.

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.

Asset recognition thresholds and depreciation periods	Depreciation Period 2025/26 Years	Depreciation Period 2024/25 Years	Threshold Limit \$000
Land & land improvements			
Land	-	-	1
Buildings			
Buildings	50-100	50-100	1
Plant and Equipment			
Heritage Plant and Equipment	100	100	1
Plant, Machinery and Equipment	3-20	3-20	1
Others	5-20	5-20	1
Infrastructure			
Roads	5-150	5-150	10
Bridges	150-250	150-250	10
Footpaths & Street Furniture	10-200	10-200	1
Drainage	20-160	20-160	10
Recreational, Leisure and Community	4-200	4-200	1
Waste Management	10-100	10-100	10
Parks, Open Spaces and Streetscapes	20-40	20-40	10
Aerodromes	10-120	10-120	10
Off Street Car Parks	20-100	20-100	10

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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. Annual review of useful lives was performed in conjunction with revaluation of assets outlined in Note 8.4. Council has revised the depreciation periods for Infrastructure assets based upon valuation inputs obtained from an external valuer. These rates have been adopted at 30 June 2026.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Notes to the Financial Report For the Year Ended 30 June 2026

Valuation of land and buildings

Valuation of land and buildings was undertaken by a qualified independent valuer (Preston Rowe Paterson - Gareth Kent AAPI CPV#63378) dated 31 March 2025. 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. Where land use is not restricted, highest and best use is assumed to be current use, except where the land is held for sale, or highly likely to be used for an alternative purpose within 12 months of the reporting date.

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.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2026 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Land - Non Specialised	-	16,513	-	Mar-25	Independent
Specialised Land	-	-	25,228	Mar-25	Independent
Heritage Buildings	-	-	3,623	Mar-25	Independent
Buildings	-	5,011	41,999	Mar-25	Independent
Total	-	21,524	70,850		

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an independent valuation undertaken by Australis Asset Advisory Group (AAAG).

The date and type of the current valuation is detailed in the following table.

The valuation is at fair value based on current replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2026 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	320,591	Jun-26	Independent
Bridges	-	-	38,172	Jun-26	Independent
Footpaths and cycleways	-	-	45,123	Jun-26	Independent
Drainage	-	-	70,983	Jun-26	Independent
Recreational, leisure and community facilities	-	-	36,462	Jun-26	Independent
Waste management	-	-	3,482	Jun-26	Independent
Parks, open space and streetscapes	-	-	383	Jun-26	Independent
Aerodromes	-	-	20,020	Jun-26	Independent
Other infrastructure	-	-	1,067	Jun-26	Independent
Total	-	-	536,284		

Description of significant unobservable inputs into level 3 valuations

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 year to 200 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.

	2026	2025
Reconciliation of Specialised Land	\$'000	\$'000
Land under roads	57	57
Parks and reserves	25,171	25,171
Total Specialised Land	25,228	25,228

Notes to the Financial Report For the Year Ended 30 June 2026

Note 7: PEOPLE AND RELATIONSHIPS

7.1 Council and Key Management Remuneration

(a) Related Parties

Parent entity

Glenelg Shire Council is the parent entity.

Related entity

Local Port of Portland Bay is a Related entity.

Subsidiaries and Associates

Glenelg Shire Council has no subsidiaries and associates.

(b) Key Management Personnel

Key Management Personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Glenelg Shire Council. The Councillors, Chief Executive Officer and Executive Leadership Team are deemed KMP.

Details of KMP at any time during the year are:

		2026 No.	2025 No.
Councillors	Councillor Karen Stephens (01/07/25 to 30/06/26)	1	1
	Councillor Robyn McDonald (01/07/25 to 30/06/26)	1	1
	Councillor Michael Carr (01/07/25 to 30/06/26)	1	1
	Councillor John Pepper (01/07/25 to 30/06/26)	1	1
	Councillor Mike Noske (01/07/25 to 28/04/26)	1	1
	Councillor Matt Jowett (01/07/25 to 30/06/26)	1	1
	Councillor Duane Angelino (01/07/25 to 30/06/26)	1	1
	Councillor Mary Picard (02/06/26 to 30/06/26)	1	-
	Councillor Martin (term finished 25/10/2024)	-	1
	Councillor Wilson (term finished 25/10/2024)	-	1
	Councillor McDonald (term finished 25/10/2024)	-	1
	Councillor Northcott (term finished 25/10/2024)	-	1
Executive	Chief Executive Officer (01/7/24 - 28/7/24)	-	1
	Director - Infrastructure Services (1/7/2023 - 1/9/2024)	-	1
	Director - Community Services (1/7/2024 - 9/4/2025)	-	1
	Chief Executive Officer	1	1
	Director - Corporate Services	1	1
	Director - Community Services	1	1
	Director - Infrastructure Services	1	1
Total Number of Councillors		8	11
Total of Chief Executive Officer and other Key Management Personnel		4	7
Total Number of Key Management Personnel		12	18

(c) Remuneration of Key Management Personnel

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

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

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

Notes to the Financial Report For the Year Ended 30 June 2026

7.1 Council and Key Management Remuneration (continued)

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

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

	2026 \$'000	2025 \$'000
Total Remuneration of Key Management Personnel was as follows:		
Short-Term Employee Benefits	1,276	1,128
Other Long-Term Employee Benefits	19	17
Post-Employment Benefits	129	145
Termination Benefits	-	82
Total	1,424	1,372

Note - due to individual contracts in place, 1 x KMP are not required to salary sacrifice a contribution towards their motor vehicle benefit. The Mayor is also not required to contribute towards their motor vehicle benefit.

The numbers of key management personnel whose total remuneration (including superannuation, motor vehicle benefits and leave accruals where applicable) from Council and any related entities, fall within the following bands:

	No.	No.
\$0 - \$9,999 *	1	4
\$20,000 - \$29,999	1	6
\$30,000 - \$39,999	3	1
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	1
\$110,000 - \$119,999	-	1
\$140,000 - \$149,999	1	-
\$170,000 - \$179,999	-	1
\$210,000 - \$219,999	1	-
\$240,000 - \$249,999	2	2
\$290,000 - \$299,999	-	1
\$330,000 - \$339,999	1	-
Total	12	18

* Councillor commenced 2 June 2026

(d) Remuneration of other Senior Staff

Other Senior Staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$170,000 and who report directly to a member of the KMP.

	2026 \$'000	2025 \$'000
Total Remuneration of other Senior Staff was as follows:		
Short-Term Employee Benefits	934	517
Other Long-Term Employee Benefits	24	21
Post-Employment Benefits	106	56
Termination Benefits	-	-
Total	1,064	594

The number of other senior staff are shown below in their relevant remuneration (including superannuation, motor vehicle benefits and leave accruals where applicable) bands:

Income Range:	No.	No.
\$110,000 - \$119,999*	1	-
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	2	1
\$190,000 - \$199,999	2	1
\$210,000 - \$219,999	-	1
Total	6	3

* Senior staff member worked part year

Notes to the Financial Report For the Year Ended 30 June 2026

	2026 \$'000	2025 \$'000
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7.2 Related Party disclosures

(a) Transactions with related parties

During the period Council entered into the following transactions

Transactions between Council and KMP -

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

Transactions between Council and close Family Members of

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

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

Members -

Expenses paid by Council:

- Councillor Scott Martin - SL & DA Martin controlled by Cr Martin	-	5
- Councillor Michael Carr - G R Carr Pty Ltd controlled by a close Family Member		
Capital Contract Payments	153	640
Non Contract Payments	74	48

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

Expenses payable by Council:

- Councillor Michael Carr - G R Carr Pty Ltd controlled by a close Family Member	56	21
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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 are as follows:

There were no loans in existence at balance date 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 Michael Carr - G R Carr Pty Ltd controlled by close Family Member		
Contract 2025-26-13 Bentinck-Fern St Roundabout & Associated Works	608	-

Notes to the Financial Report For the Year Ended 30 June 2026

7.3 Local Port of Portland Bay

Income Statement

	2026 \$'000	2025 \$'000
Income/Revenue		
User Fees	173	145
Grants - operating	186	186
Grants - capital	-	358
Other income	380	158
Contribution - Glenelg Shire Council	-	106
Total Income/Revenue	739	953
Expenses		
Allowance for Impairment Losses	127	-
Employee costs	173	164
Materials and services	571	267
Depreciation	45	28
Other expenses	11	15
Total Expenses	926	474
Surplus/(Deficit) for the year	(187)	479

Balance Sheet

	2026 \$'000	2025 \$'000
Assets		
Current Assets		
Cash and Cash Equivalents	23	60
Trade and Other Receivables	53	131
Inventory	40	25
Total Current Assets	116	216
Non-Current Assets		
Property, Infrastructure, Plant and Equipment	1,288	1,366
Total Non-Current Assets	1,288	1,366
Total Assets	1,404	1,582
Liabilities	1,404	1,582
Current Liabilities		
Trade and Other Payables	13	3
Total Current Liabilities	13	3
Net Assets	1,391	1,579
Represented by:		
Accumulated Surplus	1,391	1,579
Equity	1,391	1,579

The Operation of the Local Port of Portland Bay (Trawler Wharf) is an agreement between the Glenelg Shire Council and the Department of Transport and Planning (DTP). Any assets are returnable on cessation of the agreement. The current agreement commenced 1 February 2024 and is due to expire at 30 September 2028.

Notes to the Financial Report For the Year Ended 30 June 2026

Note 8 MANAGING UNCERTAINTIES

8.1 Contingent Assets and Liabilities

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

(a) Contingent Assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. At balance date, Council is not aware of any contingent assets.

(b) Contingent Liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Landfill Rehabilitation and Monitoring

Council finalised the 3rd and final stage of its Rehabilitation of the Portland Landfill site in 2024/25. Council is required under the Environmental Protection act to monitor and maintain the cap for up to 30 years after the closure date. At 30 June 2026, Council has 20 years remaining of the 30 year aftercare period. A Contingent liability has been included in Council's Financial Statements for the estimated value of monitoring and maintaining the cap for the remaining aftercare period. This liability is contingent as there is currently no present obligation to outlay this large some of monies.

Quarries

Council manages quarries to source materials to maintain and construct Road Infrastructure. A Contingent liability has been included in Council's Financial Statements as Council will have to carry out site rehabilitation works in the future to return the sites to their natural state. As we have no certainty on the timing of undertaking these works and the cost of these works we have classified the amount as a contingent liability.

Liability Mutual Insurance

Council is (was) a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

MAV Workcare

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six-year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payment is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. Any adjustments, which are expected to occur at the 3-year and 6-year periods during the liability period will affect participating members. The assessment from WorkSafe Victoria at the 3-year period was a deficiency of \$5.776 million payable to WorkSafe Victoria. This was due to evidence of higher-than-expected payments and higher claim lodgements during the first three years of the runoff period.

Notes to the Financial Report For the Year Ended 30 June 2026

(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 4 x security deposit guarantees totalling \$80,000 for the Ministry for Energy & Resources in association with the operation of the 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 2026 reporting period. Council assesses the impact of these new standards.

The Australian Accounting Standards Board (AASB) has issued AASB 18 Presentation and Disclosure in Financial Statements. When applicable AASB 18 supersedes AASB 101 Presentation of Financial Statements. AASB 18 aims to improve how entities communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. It is expected to result in presentation and disclosure changes, primarily to Council's Comprehensive Income Statement. AASB 18 is expected to first apply to Council for the 2028-29 financial year.

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

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

Notes to the Financial Report

For the Year Ended 30 June 2026

(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 allowance for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + .5% and -.5% in market interest rates (AUD) from year-end rates of 4.35%.

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

Notes to the Financial Report For the Year Ended 30 June 2026

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. For assets where Council adopts a current replacement cost approach to determine fair value, Council considers the inclusion of site preparation costs, disruption costs and costs to restore another entity's assets in the underlying valuation.

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

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

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

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Notes to the Financial Report For the Year Ended 30 June 2026

8.4 Fair value measurement (continued)

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 4 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	Revaluation frequency
Land	5 years
Buildings	5 years
Roads	5 years
Bridges	5 years
Footpaths and cycleways	5 years
Drainage	5 years
Recreational, leisure and community facilities	5 years
Waste management	5 years
Parks, open space and streetscapes	5 years
Aerodromes	5 years
Other infrastructure	5 years

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

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. The impairment policy above does not apply to Council's property, infrastructure, specialised buildings and other non-current physical assets subsequently measured at fair value. These are primarily non-cash generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity. Their recoverable amount is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 Impairment of Assets does not apply to such assets that are regularly revalued.

8.5 Events occurring after balance date

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

Notes to the Financial Report For the Year Ended 30 June 2026

Note 9 OTHER MATTERS

9.1 Reserves

(a) Asset revaluation reserves

2026

Property

Land and land improvements

Buildings

Infrastructure

Roads

Bridges

Footpaths and cycleways

Drainage

Recreational, leisure and community facilities

Waste Management

Parks, open space and streetscapes

Aerodromes

Off street carparks

Total Asset Revaluation Reserves

2025

Property

Land and land improvements

Buildings

Infrastructure

Roads

Bridges

Footpaths and cycleways

Drainage

Recreational, leisure and community facilities

Waste Management

Parks, open space and streetscapes

Aerodromes

Off street carparks

Total asset revaluation reserves

	Balance at beginning of reporting period	Increase (decrease)	Share of increase (decrease) on revaluation by an associate	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
2026				
Property				
Land and land improvements	38,911	-	-	38,911
Buildings	49,798	-	-	49,798
	88,709	-	-	88,709
Infrastructure				
Roads	224,743	22,672	-	247,415
Bridges	17,733	2,242	-	19,975
Footpaths and cycleways	5,720	27,273	-	32,993
Drainage	69,326	13,215	-	82,541
Recreational, leisure and community facilities	16,343	719	-	17,062
Waste Management	1,058	595	-	1,653
Parks, open space and streetscapes	6,117	229	-	6,346
Aerodromes	3,917	7,427	-	11,344
Off street carparks	(678)	(17)	-	(695)
	344,279	74,354	-	418,634
Total Asset Revaluation Reserves	432,988	74,354	-	507,343
2025				
Property				
Land and land improvements	32,405	6,506	-	38,911
Buildings	53,804	(4,006)	-	49,798
	86,209	2,500	-	88,709
Infrastructure				
Roads	214,226	10,517	-	224,743
Bridges	15,674	2,059	-	17,733
Footpaths and cycleways	10,437	(4,717)	-	5,720
Drainage	63,698	5,628	-	69,326
Recreational, leisure and community facilities	22,733	(6,390)	-	16,343
Waste Management	1,617	(559)	-	1,058
Parks, open space and streetscapes	6,398	(281)	-	6,117
Aerodromes	5,340	(1,423)	-	3,917
Off street carparks	336	(1,014)	-	(678)
	340,459	3,820	-	344,279
Total asset revaluation reserves	426,668	6,320	-	432,988

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

Notes to the Financial Report For the Year Ended 30 June 2026

(b) Public Open Space Reserve

2026

Public Open Space Reserve

Total Other Reserves

	Balance at beginning of reporting period \$'000	Transfer from accumulat ed surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
	681	-	-	681
Total Other Reserves	681	-	-	681

2025

Public Open Space Reserve

Total Other reserves

	457	224	-	681
Total Other reserves	457	224	-	681

The collection of Public Open Space fees is through land or monetary contributions and is governed under Section 18 of the Subdivision Act 1988. Any collection of monies under this Act must be spent on Public Open Space - either improving or acquiring land for that purpose.

Notes to the Financial Report For the Year Ended 30 June 2026

	2026	2025
	\$'000	\$'000
9.2 Reconciliation of Cash Flows from Operating Activities to Surplus/(deficit)		
Surplus for the year	161	9,020
Non-cash adjustments:		
Depreciation and amortisation	15,960	15,876
Contributions - Non-monetary assets	(1,145)	-
Assets written-off / impaired	578	-
Impairment Losses	(3)	14
Landfill Provision adjustment	239	(704)
Net loss on disposal of property, infrastructure, plant and equipment	456	423
Other Expenses - Non Cash Transactions	-	734
Borrowing Costs	190	10
Finance Costs - Leases	13	23
Internal Cost Allocations	-	(763)
Other Income - non cash adjustment	-	(61)
GST Refund/Payment	30	90
Change in Assets and Liabilities:		
(Increase)/decrease in trade and other receivables	(167)	379
(Increase)/decrease in Inventories	206	(304)
(Increase)/decrease in Prepayments	(322)	118
(Increase)/decrease in other assets	78	(97)
(Increase)/decrease in Trade and other Payables	(1,045)	1,205
(Increase)/decrease in Other liabilities	-	(81)
(Increase)/decrease in Contract liabilities	836	(5,248)
(Increase)/decrease in Trust Funds	145	186
(Decrease)/increase in provisions	122	(539)
Net cash provided by/(used in) Operating Activities	16,332	20,281

9.3 Superannuation

Glenelg Shire Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2026, this was 12% as required under Superannuation Guarantee (SG) legislation (2025: 11.5%)).

Defined Benefit

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

Notes to the Financial Report For the Year Ended 30 June 2026

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. As at 30 June 2025, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2025 (of which Council is a contributing employer) was 110.5%. The financial assumptions used to calculate the VBI were:

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

As at 30 June 2026, a triennial actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2026. The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2025 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

(a) Regular contributions

On the basis of the results of the 2025 interim actuarial investigation conducted by the Fund Actuary, Glenelg Shire 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 2026, this rate was 12% of members' salaries (11.5% in 2024/25). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

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

(b) Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 98% from 26 July 2024 (previously 97%).

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including 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 2025 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2025 and 30 June 2024 while a full investigation was conducted as at 30 June 2023.

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

	2025 (Interim) \$m	2024 (Interim) \$m	2023 (Triennial) \$m
- A VBI Surplus	200.1	108.4	85.7
- A total service liability surplus	229.4	141.4	123.6
- A discounted accrued benefits surplus	242.8	156.7	141.9

Notes to the Financial Report For the Year Ended 30 June 2026

(b) Funding calls (continued)

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 2025.

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 2025.

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 2025.

The 2026 interim actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2026 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2026. The last interim actuarial investigation conducted prior to 30 June 2026 was at 30 June 2025. The VBI of the Defined Benefit category at that date was 110.5%. The financial assumptions used to calculate the 30 June 2025 VBI were:

Net investment returns 5.7% pa

Salary information 3.5% pa

Price inflation (CPI) 2.6% pa

Glenelg Shire Council was notified of the 30 June 2025 VBI during August 2025.

Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2025 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

The 2023 triennial investigation

The last triennial actuarial investigation conducted prior to 30 June 2023 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation was:

	2023 Triennial investigation	2020 Triennial investigation
Net investment return	5.7% pa	5.6% pa
Salary inflation	3.5% pa	2.5% pa for two years and 2.75% pa thereafter
Price inflation	2.8% pa	2.0% pa

Superannuation Contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2026 are detailed below:

Scheme	Type of Scheme	Rate	2026 \$'000	2025 \$'000
Vision Super	Defined benefits	12% (2025:11.5%)	80	70
Vision Super	Accumulation	12% (2025:11.5%)	1,227	1,211

In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling \$1,087,000.

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2026.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2027 is \$21k.

Notes to the Financial Report For the Year Ended 30 June 2026

Note 10 CHANGE IN ACCOUNTING POLICY

Material accounting policy information

There have been no changes to accounting policies in the 2025/26 year.

Glenelg Shire Council

Closing Report For the year ended 30 June 2026

Presented to the Audit and Risk Committee on 12 October 2026

6/10/2026

Mr David Stafford
Chair, Audit and Risk Committee
Glenelg Shire Council

Closing report for the year ended 30 June 2026

Dear David,

I enclose for your information a summary of results of our audit of Glenelg Shire Council. This report will be discussed at the Audit and Risk Committee meeting on 12 October 2026.

I would like to thank your staff for the time they made available to us during our audit.

Yours sincerely

Luke Snowdon
Engagement Partner
KPMG Australia
VAGO Audit Service Provider

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Summary

We have substantially completed our audit of Glenelg Shire Council financial report and performance statement. We performed our audit in accordance with the *Audit Act 1994* and the terms of our engagement letter and accordingly can provide a reasonable assurance opinion.

[Appendix A](#) provides context for our audit.

Types of audit opinion	
Unmodified	☒
Unmodified with Emphasis of Matter	☐
Qualified	☐
Adverse or disclaimer	☐

Expected audit opinion	We expect to conclude that the financial report is presented fairly under the <i>Local Government Act 2020</i> . For performance statements we also expect to conclude that the performance statement is presented fairly. On this basis, we expect to issue an unmodified audit opinion.
Key audit matters	We will not include key audit matters in our independent auditor’s report for your entity.
Material audit differences	The effect of unadjusted audit differences on the financial report is an increase of \$1.28 million in equity and \$0.02m in the net result and an increase of \$1.3 million in net assets. Appendix B details all adjusted and unadjusted audit differences, both material and immaterial.
Outstanding audit matters	We can conclude and issue our audit opinion when we finalise our audit process. This includes receipt of the certified statements and a management representation letter issued on the date of certification. Appendix C provides a detailed list of all outstanding audit matters.

Areas of focus and disposition of key risks

Our audit focused on the financial report balances, disclosures and/or areas that we rated as higher risk for material misstatement in your financial report and performance statement.

Our procedures enabled us to conclude, with reasonable assurance, whether the risks resulted in a material misstatement. We summarise the outcome of our procedures in this section.

Financial report

Our key risks

We identified the following matters during planning that we consider created an elevated risk of material misstatement. We communicated these to you in our audit strategy. We have not identified any new risks since we issued our audit strategy.

No.	Key risk per audit strategy
1	Fair value of non-financial assets
2	Government Grants
3	Landfill Provision
4	Changes in key information systems

Key risk 1: Fair value of non-financial assets

Key risk/area of focus	Our audit response	Results of our key procedures
Property infrastructure assets, plant, and equipment account for 98% of Council's total assets, valued at \$575 million as at 30 June 2025. Most of these assets are carried at fair value. Assets with volatile fair values may require an annual revaluation. Other assets may be revalued less frequently, for example every three to five years. Each year, specific asset classes are scheduled for a full revaluation. The market's volatility and uncertainty, driven by changes to interest rates, supply chain disruptions, labour shortages, general inflation, and other macroeconomic influences, further emphasise the importance of regular valuations. Valuing these assets is inherently complex, requires significant judgement and the use of assumptions, such as useful life and asset condition. This process may involve engaging valuation experts, applying industry indices, or relying on management's expertise. Additionally, Council must consider amendments to AASB 13 that came into effect from 1 July 2024 for assets classes whose fair values are measured using the current replacement cost method. It is our understanding that: • the infrastructure asset class will undergo a full revaluation in 2025-26 • management has engaged specialists to undertake the valuations. Due to the complexities of valuations and the unique nature of the assumptions and judgements involved, councils must clearly disclose these in the financial report. Furthermore, given the issues, audit misstatements and management letter points raised in prior year audits, this area has been identified as high risk.	We have performed the following procedures: • reviewed the fair valuation approach adopted for infrastructure assets. • assessed whether the fair value of infrastructure assets is materially different from the carrying amount. • engaged our own valuation specialists to support us in assessing the council's valuation. • evaluated the reasonableness of key assumptions underlying management valuers' fair value assessment. • assessed the management valuer's expertise (qualifications and experience). • reviewed management valuer's report, including the methodology, assumptions, and estimates used, as well as the overall reasonableness of the valuation. • tested the completeness and accuracy of data. • assessed management's evaluation of obsolescence. • ensured the adequacy of disclosures in the financial report.	• Management engaged an independent valuation specialist to assess the fair value of infrastructure assets as at 30 June 2026. • As part of our audit procedures, leveraging our own valuation specialists, we evaluated the appropriateness of the valuation methodologies and key assumptions applied by management's valuation specialist. • The valuer determined a fair value of \$527.1m as at 30 June 2026 compared to the opening net carrying value of \$466.4m in relation to infrastructure assets. • Based on the work performed to date, we have not identified any issues and are in the process of finalizing our procedures around the completeness and accuracy of the sample of assets we have selected for testing.

Key risk 2: Government Grants

Key risk/area of focus	Our audit response	Results of our key procedures
The Council receives funding from the Australian and Victorian governments. The amount and timing of receipt varies year-to-year at the discretion of the respective government, depending on program initiatives or capital projects. The application of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities requires management to exercise judgement in determining whether the funding agreement contains sufficiently specific enforceable performance obligations.	We have performed the following procedures: - evaluated management’s process to assess funding arrangements against the requirements of AASB 15 and AASB 1058 - verified a sample of transactions to supporting documentation, including a review of the grant agreements against the requirements of AASB 15 and AASB 1058 - made enquiries of management regarding funding subject to recall and if recall provisions are enacted or waived sight supporting documentation to confirm the appropriateness of the accounting treatment adopted - reviewed the adequacy of disclosures in your financial report.	We did not identify any findings in this area.

Key risk 3: Landfill provision

Key risk/area of focus	Our audit response	Results of our key procedures
The landfill restoration provisions are complex calculations that requires management to exercise judgement regarding the: • useful life of the site • required works and estimated costs to comply with Environmental Protection Authority Victoria landfill restoration requirements • inflation and discount factors, to bring the value to present value. This increases the risk of potential misstatement of the landfill restoration provisions.	We have performed the following procedures: • reviewed the landfill provision calculations • reviewed inflation, discount and other management estimates used in the landfill provision calculation • assessed whether the planned works incorporate / addresses the Environmental Protection Authority Victoria requirements as at 30 June 2026 • reviewed the classification of amounts as current vs non-current.	There are two relevant restoration provisions, Gravel Pit / Quarry and Landfill. We have reviewed management's estimates used in determining the landfill and gravel pit provisions and performed an independent assessment. Based on our review, we noted the following: • Overstatement of \$1,297,991 in the landfill provision. The adjustment remains uncorrected due to the limitation of available information around actual costs in current market conditions and the fact that the After Care Plan was still being finalized as at 30 June 2026. Please refer to Appendix B for this unadjusted audit difference and corresponding management letter for the description of finding. • No misstatement was identified in relation to the Gravel Pit provision during the current year.

Key risk 4: Changes in key information systems

Key risk/area of focus	Our audit response	Results of our key procedures
The Council has transitioned to a new financial management system Civica (cloud based) during 2025-26. This increases the risk of material misstatement in the financial report due to: - the migration of data from the old to the new system - a need for staff to understand the new system, in terms of functionality and reporting capability - changes to the control environment Data for preparing the financial statements may be inaccurate or incomplete as a result of system failure or lack of controls.	We have performed the following procedures: - reviewed management's implementation plan, including the controls that were put in place to ensure complete and accurate transfer of data. - reviewed and tested the data migration process to confirm the completeness and accuracy of financial system data.	-As noted in the management letter, the following were the key drivers of the delay in the preparation of the financial report and performance statement: - Council expected to be operating a new asset reporting system in 2025/26; however, Council continued operating the old system, Conquest, which contributed to delays in recording adjustments and providing the required information. - Challenges associated with the use of the new ERP system, Civica, which was implemented during 2025/26. We have not identified any other findings.

Performance statement

Our key risks We identified the following matters during planning that we consider created an elevated risk of material misstatement. We communicated these to you in our audit strategy. We have not identified any new risks since we issued our audit strategy.

No.	Key risk per audit strategy
1	The performance statement may not be prepared in accordance with applicable legislative requirements

Key risk 1: The performance statement may not be prepared in accordance with applicable legislative requirements

Key risk/area of focus	Our audit response	Results of our key procedures
The Local Government (Planning and Reporting) Regulations 2020 specify the indicators to be included in the performance statement. Local Government Victoria (LGV) release a model performance statement each year that needs to be compiled with. LGV also issued Practice Note 22 in October 2025. In relation to indicator G2 <i>Satisfaction with community consultation</i>, the service provider conducting the survey, and any sub-contractors engaged, are required to hold specific accreditations and to use a methodology that meets specific requirements. There is a potential risk that: - councils include performance measures, that are not subject to audit and intended solely for the report of operations, in the performance statement submitted for audit - systems in place at Council may not accurately capture the data required to support the sustainability and service performance outcomes - financial figures are incorrectly included or excluded when calculating the financial outcomes - a lack of quality assurance over the preparation of the performance statement may also result in significant errors or omissions. - the service provider engaged by the council to conduct the annual community satisfaction survey - is not appropriately accredited - uses a non-compliant methodology to conduct the survey.	We have performed the following procedures: - reviewed the systems in place to capture the financial and non-financial data. - determined the reliability and completeness of the available records for compiling that indicator. - verified figures to support documents. - checked the calculations of reported figures. - assessed the reasonableness of explanations included in the performance statement for material variation. - confirmed that the format of the performance statement complies with model performance statement released by LGV. - ascertained whether, in accordance with Practice Note 22, the service provider engaged to conduct the Council's annual <i>Local Government Community Satisfaction</i> survey - has the required credentials outlined in Practice Note 22 - used a compliant methodology to conduct the survey.	We did not identify any findings in this area.

Acquittals

Our key risks We identified the following matters during planning that we consider created an elevated risk of material misstatement. We communicated these to you in our audit strategy. We have not identified any new risks.

No.	Key risk per audit strategy
1	The acquittals may not be prepared in accordance with applicable legislative requirements

Key risk 1: The acquittals may not be prepared in accordance with applicable legislative requirements

Key risk/area of focus	Our audit response	Results of our key procedures
The LRCI and R2R programs are each governed by specific legislation, guidelines and/or contractual terms that outline the eligibility of projects that can be funded, as well as the annual reporting requirements. Both programs require councils to create and maintain accurate and detailed records relating to key elements of the agreements such as grant receipts, expenditure incurred and project delivery outcomes. These records form the basis for the required annual acquittal and reporting to the appropriate Commonwealth department. The staff responsible for the acquittals often sit outside of the finance team, adding complexity to the reporting process. The complexity in reporting requirements and process increase the risk that: • systems in place at the council may not accurately capture and record the data required for annual reporting to support the program delivery outcomes • expenditure is incorrectly classified or recorded in the incorrect reporting period • project delivery information is incorrectly included or excluded when documenting the necessary reporting outcomes	<u>LRCI acquittal</u> We have performed the following procedures: • reviewed the Annual Report Declaration, Annual Report Table and CEO Financial Statement to confirm the content aligns with the latest reporting templates released by the Commonwealth department • agreed the nominal funding allocation per the CEO Financial Statement and Annual Report Table to the LRCI Nominal Funding Allocation published document • verified receipts received from the Commonwealth department to support documents such as bank statements • verified a sample of transactions to support documents to ensure expenditure incurred relates to projects included within the approved work schedule • agreed all prior period balances per the CEO Financial Statement and Annual Report Table to the prior year audited acquittal and investigate any discrepancies identified	Based on the work performed to date, we have not identified any findings in this area.

Key risk/area of focus	Our audit response	Results of our key procedures
a lack of quality assurance over the preparation of the annual reports may also result in significant errors or omissions.	- reviewed the signed management representation letter. <u>Roads to Recovery (R2R) acquittal</u> We have performed the following procedures: - reviewed Part 1, 2, 3 and 4 of the acquittal to confirm the content aligns with the latest reporting template released by the Commonwealth department - at Part 3, agreed the reference amount to correspondence from the Commonwealth department - checked the accuracy of average expenditure figures quoted at Part 3 - verified receipts received from the Commonwealth department to support documents such as bank statements - verified a sample of transactions to support documents to ensure expenditure incurred relates to nominated local road priority projects in accordance with the R2R conditions instrument - reviewed the signed management representation letter.	

Audit findings

Below we summarise findings for the key areas about which we are required to communicate to those charged with governance.

We include any significant matters or deficiencies we identified during the audit in our final management letter. [Appendix D](#) details those findings.

Financial report

Internal control In accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during the audit to those charged with governance on a timely basis.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

Appendix D refer to the internal control weaknesses we detected that we will report in our final management letter.

Fraud, irregularities or regulatory non-compliance In accordance with ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* we are required to communicate to those charged with governance any fraud or suspected fraud we identify, unless prevented from doing so by law.

When performing our risk assessments and conducting our audit procedures, we consider the risk of material misstatement in the financial report and performance statement that may be due to fraud. We are not responsible for preventing or detecting fraud.

We have been made aware of fraud related matters in the process of performing our financial report and performance statement audits. We are in the process of performing our fraud related procedures in relation to these matters.

We must also communicate matters relating to identified or suspected non-compliance with laws and regulations in accordance with ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report* unless prohibited by law or regulation, or where these are clearly inconsequential.

We did not identify any matters relating to non-compliance.

Waste, probity or lack of financial prudence One of the objectives of the *Audit Act 1994* is to determine whether there has been any wastage of public resources or any lack of probity or financial prudence in the management or application of public resources in the Victorian public sector.

While our financial audit procedures are not specifically designed to detect such matters, we may identify them.

Our audit procedures did not identify any material issues concerning waste, probity or lack of financial prudence.

Accounting policies Glenelg Shire Council's material accounting policies, material transactions and/or events that occurred during the financial year are in accordance with the Australian Accounting Standards.

Performance statement

Internal control In accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during the audit to those charged with governance on a timely basis.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

Appendix D refer to the internal control weaknesses we detected that we will report in our final management letter.

Acquittals

Internal control In accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during the audit to those charged with governance on a timely basis.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

Appendix D details the following internal control weaknesses we detected that we will report in our final management letter.

Appendices

[Appendix A: Audit context](#)

[Appendix B: Audit differences](#)

[Appendix C: Outstanding matters](#)

[Appendix D: Final management letter](#)

[Appendix E: Changes to next year's audit](#)

Appendix A:

Audit context

Our responsibility

The *Audit Act 1994* requires the Auditor-General to:

- form an opinion on your financial report and performance statement and provide a copy of the auditor's report to you
- provide a copy of the auditor's reports to the:
 - the Minister responsible for your financial report, and
 - the Minister for Finance where we provide a modified audit opinion, or where the Auditor-General directs.

Our independence

The Auditor-General is:

- an independent officer of the Victorian Parliament
- appointed under legislation to examine on behalf of parliament and taxpayers, the management of resources within the public sector
- not subject to the control or direction of either parliament or the government.



Appendix B:

Audit differences

We identified material and immaterial differences during our audit. The following tables summarise the outcome of these in terms of whether they were adjusted and their impact on the financial report.

Financial report

Materiality

Misstatements are considered material if they individually or collectively could influence economic decisions of users of the financial report. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We have not updated the materiality levels indicated in our audit strategy memorandum.

Overall materiality

		Overall materiality	Performance materiality	Clearly trivial threshold
Overall	Base	\$	\$	\$
Entity	5% of property, infrastructure assets, plant and equipment (PIPE)	28.5m	18.5m	926k

Specific materiality (set for all account balances other than property, infrastructure assets, plant and equipment)

		Overall materiality	Performance materiality	Clearly trivial threshold
Specific	Base	\$	\$	\$
Entity	5% of total expenses	3.2m	2.08m	104k

In our view:

- total uncorrected errors above this amount for particular statements, account balances or disclosures would mislead the users of the financial report.
- the risk that there may be a material error in the financial report increases with the level of accumulated uncorrected errors below this threshold.

Adjusted
material
differences

We did not identify any material adjustments to your financial report.

Unadjusted
immaterial
differences

The unadjusted immaterial differences we identified are below.

Unadjusted dollar differences

Financial report component		Adjustment \$	Basis for adjustment
Landfill Provision	Dr	1,297,991	We performed an independent assessment using actual cost data, which resulted in a reduction of the landfill provision of \$1,297,991. The adjustment remains uncorrected due to the limitation of available information around actual costs in current market conditions.
Other Expenses	Cr	22,136	
Accumulated Surplus	Cr	1,275,855	

Appendix C: Outstanding matters

Other than the items as noted above, the following items are outstanding as at the date of this report and need to be resolved before we can issue our auditor's report.

Before we issue our opinion

We are required by the Australian Auditing Standards to obtain written representations from management and those charged with governance. We must also consider events and circumstances that have arisen between the date of certification of the financial statements and when we issue our audit opinion.

Nature	Purpose	Action required	Responsibility
Audit procedures	The audit team is finalising audit procedures and associated review for the financial report, performance statement and acquittals.	Finalisation of procedures and review	Audit team
Journal entries and Infrastructure assets	The audit team is finalising procedures around journal entries and checking dimensions of infrastructure assets.	Management to provide relevant supporting documents / clarification as relevant for the samples.	Management and audit team
Certification of financial report and performance statement	Statutory requirement to establish clear management responsibility for fair presentation	To be signed on adoption of the accounts by the governing body	Accountable officer and chief financial officer
Management representation letter	Confirm undertakings made by management to audit and obtain confirmatory statements to support balances and disclosures that depend on management intent	To be signed on the same date as the certification of the financial report and performance statement	Accountable officer and chief financial officer
Subsequent events update	Confirm any subsequent events to audit	Provide details of significant transactions and events up to the date of signing the auditor's	Management and audit

report. Audit will assess for any impact on the financial report

After we issue our opinion

We are required to undertake the following procedures. We will report any issues we find to your accountable officer for appropriate remedial action.

Nature	Purpose	Responsibility
Review annual report	We will review your annual report to confirm that it includes the correct version of the signed financial report, performance statement and auditor's report. We will also check that all information in the annual report is materially consistent with the financial report. We request your provision to us of an electronic copy of the printers' proof of the annual report.	Management and audit
Website publication of annual report	We will review your annual report on your website to confirm that it includes the correct version of the signed financial report, performance statement and auditor's report. We request your notification to us when you publish your annual report on your website.	Management and audit

Appendix D:

Final management letter

We provide a draft version of the final management letter as a separate attachment.

Appendix E:

Changes to next year's audit

New issues arising and emerging developments affecting next year's audit

Change for next year	How it will impact next year's audit
Performance statement 2026-27	Councils must comply with the latest LGPRF guidelines by reporting on eight mandatory performance indicators, comprising the four service and four financial measures from the previous reporting period, and selecting a further eight indicators at their discretion, as prescribed in the guide.
State election November 2026	The next State election is scheduled to be held on 28 November 2026. It is possible that some councillors may seek election to State Parliament. As a result, some councils may experience a change in councillors during 2026-27.
New accounting standards	AASB 18 will apply to not-for-profit government entities for reporting periods beginning on or after 1 January 2028. It will replace AASB 101 requirements for the presentation and disclosure of financial statements.
Use of artificial intelligence (AI)	The increasing adoption of AI across the Victorian local government sector presents opportunities to improve efficiency and enhance financial reporting processes. Realising these benefits will require appropriate governance, internal controls and oversight to maintain the integrity and reliability of financial information
Sustainability reporting	VAGO is monitoring developments relating to climate reporting and sustainability reporting given it is intended for Corporation Act entities in its current form. VAGO will only audit what is required to be audited per the financial reporting framework that is applicable for each agency (note councils not currently intended to be captured). We encourage councils to monitor developments and liaise with key stakeholders such as Local Government Victoria to understand the Victorian government's plans.

Links and resources

[Website](#)

[Role](#)

[Strategic plan](#)

[Planned audits](#)

[Audits in progress](#)

[Fact sheet – financial audit](#)

[Financial reporting alerts](#)

[Privacy](#)

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Glenelg Shire Council

Final Management Letter
For the year ended 30 June 2026



6 October 2026

Mr David Stafford
Chair, Audit and Risk Committee
Glenelg Shire Council

Final management letter for the year ended 30 June 2026

Dear David,

I enclose for your information the final management letter for the year ended 30 June 2026. The final management letter provides a summary of audit findings from the final phase of our audit. This letter will be discussed at the Audit and Risk Committee meeting on 12 October 2026.

It also includes recommendations from our Results of 2024-25 Audits: Local Government report which was tabled in Parliament on 30 March 2026 and those open issues from our prior year reports.

I take this opportunity to thank your staff for the time they made available to us during the final phase of our audit.

Yours sincerely

Luke Snowdon
Partner
KPMG Australia
VAGO Audit Service Provider

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Recommendations from our *Results of Audits: Local Government* reportsError! Bookmark not defined.

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Introduction

We have substantially completed the 30 June 2026 audit and now bring to your attention our findings. This letter should be read in conjunction with our closing report presented to the Audit and Risk Committee on 12/10/2026. As part of our reporting, we include our assessment on the significance of the findings. The criteria we consider in this assessment is included in Appendix A.

Types of findings

Findings can fall into the following categories:

- internal control findings
- financial reporting and performance statement reporting findings

Click or tap here to enter text.

Internal control findings

As part of our audit, we assess the design and implementation of internal controls relevant to financial reporting and performance statement reporting. If we intend to rely on these controls, we test how effectively they are operating.

We communicate to you any weaknesses we identify in internal control during our audit through our management letters.

Financial reporting and performance statement reporting findings

As part of our audit, we may identify weaknesses in management's approach to financial reporting and performance statement reporting resulting in potential material misstatement. This includes, but is not limited to, non-compliance with the Australian Accounting Standards and other reporting frameworks.

Reporting and tracking internal control and financial reporting findings

As part of this communication, we include:

- our assessment as to the significance of the finding
- recommended actions
- management comments and expected implementation dates.

We have discussed all findings with management. The nature and rating of the finding determines our expectations in relation to management acceptance and our monitoring of the implementation of remedial actions.

Scope of our audit

Audit scope

We did not carry out a comprehensive audit of all processes and systems of internal control you maintain or seek to uncover all deficiencies, breaches and irregularities in those systems and processes. Inherent limitations in any process and system of internal control may mean that errors or irregularities might not be detected.

As explained in the audit strategy presented to the Audit and Risk Committee on 5 March 2026, the objective of the audit is for the Auditor-General to express an opinion on the financial report and performance statement. Although the audit considers internal controls relevant to preparing the financial report and performance statement, this is done to design audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of those controls. Our planned approach, including the level of reliance on internal controls, was communicated in our audit strategy.

Reports to Parliament

The Auditor-General may include items listed in this letter in a report to Parliament. We will send you a draft of the relevant material included in this report and ask for your comments before the report is tabled in Parliament. We may specifically identify and report high rated findings in the Parliamentary reports.

Summary of audit findings

The table below summarises all 'open' (current and prior period) management letter issues that have been resolved in the current period. Open items include all findings that are 'unresolved', 'partially resolved' or 'substantially resolved' as at the date of this letter.

Finding first raised	Reference	Findings	Rating		Classification of deficiency		Financial statement area grouping	Status	Management acceptance	Original agreed implementation date
					Internal control	Financial / performance reporting				
Open issues (current and prior period)										
September 2024	2024.4	Gravel pit restoration provision was based on outdated data from 2014. Landfill restoration provision was not complete and certain costs were unsubstantiated.	Moderate	●	X	X	Provisions	Partially resolved	Yes	30 June 2025
October 2024	2024.9	Limitations in fixed assets system when calculating depreciation.	Moderate	●	X	X	Information Technology	Unresolved	Yes	30 June 2025
September 2026	2026.1	Grant acquittal and financial reporting obligations were not completed for certain grant-funded projects. In addition, unspent grant funds remained outstanding beyond the project completion date and were subsequently expended in the current financial year.	Low	●	X	X	Grant income	Unresolved	Yes	Already in place
September 2026	2026.2	Policies / procedures not reviewed in accordance with required timeframes.	Low	●	X	-	Policies	Unresolved	Yes	30 June 2027

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Finding first raised	Reference	Findings	Rating		Classification of deficiency		Financial statement area grouping	Status	Management acceptance	Original agreed implementation date
					Internal control	Financial / performance reporting				
Prior period issues resolved during the period										
September 2024	2024.5	Long service leave provision was incorrectly calculated	Low	●	X	X	Provisions	Resolved	Yes	30 June 2025
October 2024	2024.8	Revaluation of IPPE was not performed by independent experts in accordance with entity's policy.	High	●	X	X	Infrastructure, property, plant & equipment (IPPE)	Resolved	Yes	30 June 2025
October 2025	2025.1	Deficiency associated with the review of journal entries.	Moderate	●	X	X	Financial Reporting	Resolved	Yes	30 June 2026
October 2025	2025.2	Absence of signed employee contracts.	Low	●	X	-	Employee Benefits	Resolved	Yes	30 June 2026

Detailed audit findings – open issues

Finding 2024.2: Gravel pit restoration provision was based on outdated data from 2014. Landfill restoration provision was not complete and certain costs were unsubstantiated.

Description of finding and implication	Rating	VAGO recommendation on new findings and update on open items	Management acceptance	Management response
Finding: Our testing of the Gravel Pit restoration provision noted that the gravel pit provision calculations were based on figures from 2014, which is not the most accurate or up-to-date method for valuing such provisions. This does not reflect current market conditions, which can lead to potential inaccuracies in financial reporting. For the landfill provisions, there are no costs currently recorded for the completion of stage 3 capping works and certain costs are unsubstantiated. Implication: Outdated and incomplete cost inputs may result in inaccurate and potentially understated reclamation and landfill provisions, increasing the risk of material misstatement and non-compliance with relevant accounting standards.	Moderate 	We recommend that calculations and provisions are based on up-to-date cost assumptions. Engaging external consultants to estimate costs for future financial periods as relevant is strongly advised. 30 June 2025 Interim Update: This will be re-assessed as part of the year-end audit. 30 June 2025 Final Update: <u>Gravel Pit / Quarry provision:</u> It is recommended that management calculate the provision using data that is reflective of current costs and market conditions, and to formally engage external consultants to determine costs for future financial years. <u>Landfill provision:</u> Based on the prior year communications to the management and Audit and Risk Committee, it was recommended to provide updated data for completion of Stage 3. The engagement team also	Yes	Responsible officer: Rebecca Campbell Implementation date: 30 June 2025 Management comment: Council is aware of the lack of information that it has available to calculate an accurate Provision amount for our Gravel and Landfill Provisions. For Gravel, Council is in the process of engaging a Contractor to provide an assessment of the Council's Gravel Pits with the aim of providing an up to date assessment of estimated restoration costs to restore it to its natural state. For the Landfill Provision, when works are completed during 2024/25, Council will be provided with reports and Audit data supporting the calculation amount for the 2024/25 Provision. 30 June 2025 Interim Update: Management Comment:

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Description of finding and implication	Rating	VAGO recommendation on new findings and update on open items	Management acceptance	Management response
		notes that the Council is scheduled for an audit following the completion of Stage 3 of the capping process, which was supposed to be completed for the current year audit. Based on communication with management and a review of the supporting documentation provided, it was noted that the After Care Plan, which should have been updated, is still in progress and is expected to be finalised in late 2025. Considering this, it was observed that the cost information utilised in the current provision calculation remains unchanged from prior periods. We recommend that the After Care Plan is completed in a timely manner, enabling the use of up-to-date and accurate cost information for future financial reporting. 30 June 2026 Interim Update: This will be assessed as part of the yearend audit. 30 June 2026 Final Update: <u>Landfill provision:</u> Based on communication with management and review of supporting documentation, it was noted that the After Care Plan remains in progress and had not been finalised as at 30 June 2026. The engagement team notes that the current provision methodology continues to rely on historical cost information. It is recommended that management finalise the After Care Plan		Work has been undertaken during 2024/25 to form a better understanding of our quarry sites and the work/costs that would be required to rehabilitate them. Council has utilised the Resources Victoria Rehabilitation Calculator to estimate the cost to rehabilitate Council's five Quarries and will provide to KPMG for review. 30 June 2025 Final Update: Revised implementation date: 30 June 2026 Management Comment: Council is considered a low risk operator with minimal obligations to return its Quarries to the their natural state. Council will consider the recommendation to engage an external consultant to estimate Quarry restoration costs for the year ended 30 June 2026. Council will work to ensure the Aftercare Management Plan (AMP) is updated for the year ended 30 June 2026. Council will use this AMP to better inform the provision calculation prior to 30 June 2026. 30 June 2026 Interim Update: Management comment: Gravel/Quarry Pit rehabilitation provisions – as Council is considered a low risk operator with minimal obligations to restore the area to it's natural state, Council officers have determined that the usage of the Department of Energy, Environment and

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Description of finding and implication	Rating	VAGO recommendation on new findings and update on open items	Management acceptance	Management response
		and update the provision using current and supportable cost estimates. Engagement of external consultants to determine costs for future financial years remains strongly advised to ensure the provision reflects current market conditions and expected rehabilitation obligations. The matter will remain open pending completion of the After Care Plan and incorporation of updated cost assumptions into the provision calculation. Please refer to Appendix B of the closing report for this unadjusted audit difference. <u>Gravel Pit / Quarry provision:</u> No misstatement was identified in relation to the Gravel Pit during the current year; accordingly, this finding has been assessed as partially resolved.		Climate's 'Rehabilitation Bond calculator' is sufficient for calculating the provision. Landfill Aftercare provisions – Council is still waiting for the revised Aftercare Management plan to be completed. Contractors have requested more information to enable them to produce the updated plan. 30 June 2026 Final Update: Management Comment: Landfill Aftercare provisions – Council expects that the revised Aftercare Management plan will be received during 2026/27 and officers will be able to assess and revise the cost assumptions once this document has been received and reviewed.

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Finding 2024.9: Limitations in fixed assets system when calculating depreciation

Description of finding and implication	Rating	VAGO recommendation on new findings and update on open items	Management acceptance	Management response
Finding: We noted that when a revaluation entry was recorded in the fixed asset system (Conquest), depreciation was recalculated retrospectively for the affected assets. 30 June 2025 Interim Update: In our testing, we noted where the fixed asset system (i.e. Conquest) records a revaluation entry, depreciation is calculated retrospectively for the affected assets. 30 June 2025 Final Update: In our testing, we noted where the fixed asset system (i.e. Conquest) records a revaluation entry, depreciation is calculated retrospectively for the affected assets. 30 June 2026 Interim Update: We understand that a new Asset Management / Finance system is being implemented for the current financial year which is expected to resolve the matter. 30 June 2026 Final Update: We understand that council has implemented a new Asset Management/ Finance system. This system is currenting in the testing and implementation phase and is expected to be resolved in FY27. Implication: This may result in inaccurate depreciation expense and carrying values for affected assets, increasing the risk of material misstatement.	Moderate ●	We recommend that the finance team review the fixed asset system to ensure that depreciation relating to revaluation entries is not applied retrospectively. 30 June 2025 Interim Update: This will be assessed as part of the yearend audit. 30 June 2025 Final Update: We recommend that the finance team reviews the fixed asset system to ensure depreciation for revaluation entries are not retrospectively entered. 30 June 2026 Interim Update: This will be assessed as part of the yearend audit. 30 June 2026 Final Update: Council has implemented a new system to address the identified issue. The system is currently undergoing testing, with full implementation and resolution expected in FY27.	Yes	Responsible officer: Finance & Asset Management Unit Implementation date: 31 December 2025 Management comment: Finance & the Asset Management Unit will critically review the Fixed Assets System prior to 30 June 2025 to understand it's capabilities and to ensure that any issues identified with the depreciation calculation are addressed. 30 June 2025 Interim Update: Management Comment: A review conducted by Finance Officers and the Asset Management Unit has analysed the revaluation process in Asset Management Software (Conquest). Officers have gained a thorough understanding of how the system processes revaluations and will ensure any future revaluations will be recorded and reported accurately. 30 June 2025 Final Update: Revised implementation date: 30 June 2026 Management Comment: Finance and Asset officers are currently implementing a new Asset Management System. Testing and development of

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Description of finding and implication	Rating	VAGO recommendation on new findings and update on open items	Management acceptance	Management response
				internal procedures will include appropriate checks of all valuation transactions in the new system. 30 June 2026 Interim Update: Management comment: During 2025/26 Glenelg implemented their new Asset Management/Finance system. Finance officers are currently implementing Council's new Asset Management System. Testing and development of internal procedures will include appropriate checks of all valuation transactions in the new system to identify and rectify any limitations. 30 June 2026 Final Update: Management comment: As part of the implementation of the Asset Management system, a finance representative will be appointed to ensure the asset life cycle accounting features are consistent with accounting standards.

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Finding 2026.1: Grant acquittal and financial reporting obligations were not completed for certain grant-funded projects. In addition, unspent grant funds remained outstanding beyond the project completion date and were subsequently expended in the current financial year.

Description of finding and implication	Rating	VAGO recommendation on new findings and update on open items	Management acceptance	Management response
Finding: During our testing, we identified instances where required acquittals and/or financial reports had not been submitted in accordance with the terms of the funding agreements. In addition, unspent grant funds remained outstanding beyond the approved project completion dates and were subsequently expended in the current financial year without documented approval from the funding body to extend the project period or retain the funding. Implication: Failure to comply with funding agreement requirements may result in Council being required to repay grant funding. In addition, Council may be exposed to reputational risk and reduced eligibility for future grant opportunities.	Low 	Council should strengthen its grant management and monitoring processes to ensure all funding agreement obligations, including acquittals, financial reporting requirements, and project completion deadlines, are tracked and completed in a timely manner. Council should maintain a centralised register of grant obligations, regularly monitor compliance against funding agreement requirements, and obtain documented approval from the funding provider where project extensions or variations to funding conditions are required.	Yes	Responsible officer: Rebecca Campbell Implementation date: Already in place Management comment: Council has processes are in place for monitoring grants received. The Council officer that applies for the grant is the designated responsible person for complying with the terms of the funding agreement. Council's Finance team works with the responsible officer to complete any acquittals required by the funding body on request.

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Finding 2026.2: Policies / procedures not reviewed in accordance with required timeframes.

Description of finding and implication	Rating	VAGO recommendation on new findings and update on open items	Management acceptance	Management response
Finding: During our review of Council's policy governance framework, we identified a number of policies that had exceeded their documented review date and/or expiry date and had not been formally reviewed or updated in accordance with Council's policy management requirements. Management advised that the policies remain in use; however, formal review and approval processes had not been completed within the required timeframes. Implication: Failure to review policies within prescribed timeframes increases the risk that policies may not adequately reflect current legislative, regulatory, operational, or organisational requirements. This may result in inconsistent practices, reduced effectiveness of internal controls, and non-compliance with Council's governance framework.	Low 	Council should strengthen its policy governance framework by implementing processes to monitor policy review dates and ensure policies are reviewed, updated, and formally approved within required timeframes. A centralised policy register should be maintained and regularly monitored to ensure accountability for policy ownership and timely completion of scheduled reviews.	Yes	Responsible officer: Rebecca Campbell Implementation date: 30 June 2027 Management comment: Council officers will focus their efforts on reviewing Council policies and procedures in line with review dates indicated on the policies and procedures.

Recommendations from the *Results of 2024-25 Audits: Local Government* report

Our *Results of 2024-25 Audits: Local Government* report contains 2 recommendations, 1 directed to the councils. The full context of the findings can be found in our report at [Results of 2024–25 Audits: Local Government | Victorian Auditor-General's Office](#)

The following table summarises the 1 recommendation with further detail on the pages that follow.

Finding first raised	Reference	Findings	Classification of deficiency		Status Resolved/ unresolved	Management acceptance	Original agreed implementation date
			Internal control	Financial / performance reporting			
March 2026	2026.LG1	Capital expenditure budgeting process	-	X	Resolved	Yes	30 June 2026

Recommendations from the *Results of 2023-24 Audits: Local Government* report

Our *Results of 2023-24 Audits: Local Government* report contains 7 recommendations, 4 directed to the 79 councils. The full context of the findings can be found in our report at <https://www.audit.vic.gov.au/report/results-2023-24-audits-local-government>.

The following table summarises the 4 recommendations with further detail on the pages that follow.

Finding first raised	Reference	Findings	Classification of deficiency		Status Resolved/ unresolved	Management acceptance	Original agreed implementation date
			Internal control	Financial / performance reporting			
April 2025	2025.LG1	Financial report and performance statement planning and preparation	-	X	Partially resolved	Yes	30 June 2025
April 2025	2025.LG2	Developer non-cash contribution – sector collaboration	-	X	Unresolved	Yes	30 June 2026
April 2025	2025.LG3	Resolution of <i>Results of 2022-23 Audits: Local Government</i> report open recommendations	-	X	Partially resolved	Yes	30 June 2025
April 2025	2025.LG4	Asset valuations – AASB 13 amendments	-	X	Resolved	Yes	30 June 2025

Finding 2025.LG1: Financial report and performance statement planning and preparation

Description of finding and recommendation

Finding:

In 2023–24, 31 of 79 councils (39 per cent) submitted their draft financial reports and performance statements for audit within the agreed timelines, marking an improvement from the previous year where only 22 councils (28 per cent) did so.

However, the sector can still improve their timeliness: 48 councils were late with providing drafts to audit, with delays from up to 7 days to more than 4 weeks.

Recommendation:

We recommend, for councils that did not prepare their draft financial report or performance statement by the timelines agreed with their auditor in 2023–24 that they:

- assess their resources and expertise to confirm they can meet their reporting obligations.
- strengthen their annual report plan to better align with legislative obligations, focusing on:
 - clear task allocation and achievable timelines
 - enhanced coordination with other business units
 - engaging with subject matter experts
 - quality assurance processes.

Management response

Responsible officer:

Rebecca Campbell

Implementation date:

30 June 2026

Management comment:

2023/24 was a perfect storm of key finance personnel exiting the organisation and new auditors being appointed by VAGO. Council has the necessary resources and expertise to meet reporting obligations and will ensure tasks are allocated and completed on time. Council will work with KPMG to meet timelines in an efficient way to meet milestone dates.

30 June 2025 Final Update:

Management comment:

Council accepts that financial report preparation was delayed for 30 June 2025 due to issues specifically relating to the valuation of assets. Council will continue to assess the required resources to meet its financial reporting obligations. Council will ensure appropriate subject matter experts are engaged throughout the next reporting period. Council will focus on quality assurance during the development of procedures and controls relating to the new ERP system. Council will liaise with KPMG to ensure appropriate and achievable timelines for the coming reporting year. Focus for the coming year should include adequate time during the interim audit phase to ensure reporting requirements are being met and material balances are adequately reviewed – including balances subject to AASB 13.

30 June 2026 Interim Update:

Management comment:

Delays to the completion of Council's Financial Statements have been predominantly due to the Asset Valuation calculations for EOFY reporting. For 2025/26, Council has engaged an expert to complete the valuation of its assets which should enable the draft financial and performance statements to be completed per timelines.

30 June 2026 Final Update:

Management comment:

Council engaged an expert to assist in the completion of its asset revaluations for 2025/26. Council expected to be in a new system for 2025/26 Asset reporting, however due to system inadequacies, Council is still using the old system, Conquest, which has contributed to delays in being able to record adjustments and provide the required information to KPMG. Other delays were a result of KPMG validating input data to ensure accurate and reliable information. In 2026/27, the asset revaluation process will look different due to the amount of work undertaken in 2024/25 and 2025/26 and should be more streamlined. There is potential for some delays though if Council is still using the Conquest system for its Asset reporting due to the age and capabilities of the system.

Finding 2025.LG2: Developer non-cash contribution – sector collaboration**Description of finding and recommendation****Finding:**

Delays in recognising developer-contributed assets in the correct reporting period are another common cause of prior-period errors across the sector.

These issues are repeated year after year at some councils. There is opportunity for the sector to come together to share knowledge and insights, reducing the risk of material errors occurring and recurring. Establishing working groups to share knowledge and refine internal processes may be an effective solution.

Recommendation:

We recommend that councils take the lead in the formation of a 'developer non-cash contribution' working party to:

- create guidance materials to improve the internal control framework and processes that councils follow for the recognition and measurement of developer non-cash contributed assets.
- host workshops to support the sector in applying the guidance effectively.

Management response**Responsible officer:**

Rebecca Campbell

Implementation date:

30 June 2026

Management comment:

Glenelg Shire Council rarely receives non-cash contributions (such as land, works, services, or facilities) from developers as a contribution towards infrastructure costs.

Council has a Public Open Space policy and Procedure that has been drafted, and Council will create guidance and internal controls to support possible future non-cash contributions.

30 June 2025 Final Update:**Management comment:**

Council has a Public Open Space policy and Procedure that has been drafted, and Council will create guidance and internal controls to support possible future non-cash contributions.

30 June 2026 Interim Update:**Management comment:**

The policies and procedures for Public Open Space Contributions, Disposal of Public Open Space, and Use of Public Open Space have been compiled and are currently awaiting Director review before presentation to ELT for endorsement.

30 June 2026 Final Update:**Management comment:**

There has been no change since interim.

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Finding 2025.LG3: Resolution of *Results of 2022-23 Audits: Local Government* report open recommendations

Description of finding and recommendation

Finding:

Recommendations from our Results of 2022–23 Audits: Local Government report prior report remain unresolved.

Recommendation:

We recommend that councils resolve open recommendations from the Results of 2022–23 Audits: Local Government report.

Management response

Responsible officer:

Rebecca Campbell

Implementation date:

30 June 2025

Management comment:

Council is putting clear timelines in place to ensure that identified tasks are completed on time. This has also been addressed in 2024.LG1

30 June 2025 Final Update:**Management comment:**

These matters have been addressed at 2025.LG1

30 June 2026 Interim Update:**Management comment:**

Council continues to work on and update its timelines to ensure that all identified tasks are completed on time to minimise reporting delays.

30 June 2026 Final Update:**Management comment:**

Council has timelines in place and has conducted a post end of financial review identify improvement areas

Recommendations from the *Results of 2022-23 Audits: Local Government* report

Our *Results of 2022-23 Audits: Local Government* report contains 6 recommendations, 4 directed to the 79 councils. The full context of the findings can be found in our report at <https://www.audit.vic.gov.au/report/results-2022-23-audits-local-government>.

The following table details the follow up on the prior-year recommendations and the council's progression toward resolution.

Finding first raised	Reference	Findings	Classification of deficiency		Status Resolved/ unresolved	Management acceptance	Original agreed implementation date
			Internal control	Financial / performance reporting			
March 2024	2024.LG1	Annual financial reporting process	X	X	Resolved	Yes	30 June 2025
March 2024	2024.LG3	Asset valuations - Audit and Risk Committee oversight	X	-	Partially resolved	Yes	30 June 2025
March 2024	2024.LG4	Open internal control weakness and financial reporting issues	X	-	Resolved	Yes	30 June 2024

Finding 2024.LG3: Asset valuations - Audit and Risk Committee oversight

Description of finding and recommendation**Finding:**

Issues can be resolved quickly through early dialogue with key stakeholders. This should cover the council's planned approach to assessing fair value, the key assumptions underpinning the valuation methodology and the engagement of a valuation expert.

Without a valuation briefing paper being prepared and considered at a council's audit and risk committee meeting prior to 30 June, the committee's ability to effectively oversight key accounting issues is reduced.

Recommendation:

We recommend that audit and risk committees:

- prior to balance date, review the finance team's accounting paper
- after balance date and at the time of reviewing the draft financial report:
 - determine whether there have been any changes to circumstances that would indicate that key assumptions behind the finance team's initial advice and key judgements no longer hold true
 - assess the reasonableness of the valuation and fair value assessment outcomes.
- update their annual work plan to include the above tasks.

Management response**Responsible officer:**

Rebecca Campbell

Implementation date:

30 June 2025

Management comment:

Prior to 30 June 2025, Council will develop and present a paper to the audit and risk committee (most likely the June 2025 audit and risk meeting), which will contain information related to Council Assets and the applicable Accounting policies and approach to valuations including likely impact of movements in fair value for the respective Financial Year. This will be included the Audit and Risk meeting plan.

30 June 2025 Interim Update:**Management comment:**

Council provided a report to the March Audit and Risk on Asset Valuations. A further report will be provided to Audit and Risk post 30 June 2025 comparing actual results and the projected results and determining if any changes in circumstances and assumptions were reasonable.

30 June 2025 Final Update:**Management comment:**

Further to the information provided at the March 2025 Audit and Risk meeting, Finance officers have prepared a further report outlining the outcomes of asset valuations at 30 June 2025. This report will be provided, together with a detailed internal memorandum at the December 2025 Audit and Risk meeting.

30 June 2026 Interim Update:**Management comment:**

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At this stage Council has not received a valuation report from the External consultants to enable an update to be provided to Audit and Risk.

30 June 2026 Final Update:

Management comment:

Council will provide a report at the Audit and Risk meeting to advise the outcome of the fair value assessment. Council will also need to prepare a work plan for asset revaluations going forward.

Appendix A: Rating definitions and actions

We use the following ratings for our findings:

Rating		Description of rating	Management action required
High	●	This issue represents: - a material misstatement in the financial report which has occurred, or an issue which could potentially result in a modified audit opinion if not addressed as a matter of urgency by the entity, or - a control weakness which could cause or is causing a major disruption of the process or the entity's ability to achieve process objectives in relation to financial reporting and compliance with relevant legislation.	This issue: - requires executive management to correct the misstatement in the financial report, or address the issue, as a matter of urgency to avoid a modified audit opinion - requires immediate management intervention with a detailed action plan to be implemented within one month.
Moderate	●	This issue represents: - a misstatement in the financial report that is not material and has occurred, or that may occur, the impact of which has the possibility to be material, or - a control weakness which could have or is having a moderate adverse effect on the ability to achieve process objectives and compliance with relevant legislation.	This issue: requires management intervention with a detailed action plan implemented within three to six months.
Low	●	This issue represents: - a misstatement in the financial report that is likely to occur but is not expected to be material, or - a minor control weakness with minimal but reportable impact on the ability to achieve process objectives and compliance with relevant legislation.	This issue: requires management intervention with a detailed action plan implemented within six to 12 months.

Glenelg Shire Council
Performance Statement
For the year ended 30 June 2026

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Certification of the Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.

Rebecca Campbell CPA
Principal Accounting Officer
Dated:

In our opinion, the accompanying performance statement of the Glenelg Shire Council for the year ended 30 June 2026 presents fairly the results of council's performance in accordance with the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.

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

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

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

Cr Karen Stephens
Councillor
Dated:

Cr Matthew Jowett
Councillor
Dated:

Helen Havercroft
Chief Executive Officer
Dated:

VAGO

VAGO

Section 1. Description of municipality

Encompassing an area of 6,212 square kilometres, the Glenelg Shire has many different towns with unique characteristics to make them special including Portland, Heywood and Casterton and many other small townships and localities. Rolling hills and rich agricultural land to the north give way to a scenic and secluded river region to the west. Pine and blue gum plantations line the roads through the hinterland, while a huge expanse of coastal beaches and rugged cliffs form the southern perimeter, making the Glenelg Shire a place with something for everyone. The Glenelg Shire is located in south-western Victoria, approximately 360 kilometres from the Melbourne CBD.

Section 2 - Service Performance Indicators

For the year ended 30 June 2026

Results						
	2023	2024	2025	2026		Comment
Service / Indicator / Measure [Formula]	Actual	Actual	Actual	Target as per budget	Actual	
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	3.73	4.03	6.28	N/A	7.57	Belgravia Leisure operate Council's aquatic facilities which saw an increased utilisation of 150,713 members attending aquatic facilities up from 125,671 in 2024/25.
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	100%	100%	75%	N/A	90%	The increase in prosecutions reflects greater enforcement focus on unregistered animals, resulting in increased identification and action.
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	95.00%	91.67%	N/A	83.33%	
Governance Consultation and engagement <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	45	42	43	45	51	Council has had an increased amount of community engagement matters over the past 12 months together with increased media communications.
Libraries Participation <i>Library membership</i> [Number of registered library members / Population] x100	#N/A	24.14%	24.86%	N/A	25.29%	

PERFORMANCE STATEMENT (ANNUAL REPORT INSERT)

Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	87.60%	87.19%	89.67%	N/A	87.79%	
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	81.58%	93.18%	90.34%	N/A	80.92%	A number of families transferred from Windamarra Aboriginal MCH services back into Council MCH service during the year due to nurse availability
Roads Condition <i>Sealed local roads maintained to condition standards</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	93.52%	94.75%	93.00%	97.00%	92.99%	
Statutory Planning Service standard <i>Planning applications decided within required time frames</i> [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100	71.36%	89.17%	88.30%	85.00%	48.31%	Less applications were received over 2025/26 with a range of outstanding planning applications that were determined outside of statutory time frames.
Waste Management Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	30.40%	28.65%	27.28%	35.00%	32.71%	Food Organics Green Organics was introduced across the Shire during the reporting period which explains the increase in waste being diverted from landfill.

Section 3 - Financial Performance Indicators

For the year ended 30 June 2026

	Results			Forecasts						
	2023	2024	2025	2026		2027	2028	2029	2030	Material Variations and Comments
Dimension / Indicator / Measure [Formula]	Actual	Actual	Actual	Target as per budget	Actual	Forecasts	Forecasts	Forecasts	Forecasts	
Efficiency Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$4,440.01	\$3,814.92	\$4,683.70	\$4,671.00	\$5,013.30	\$4,697.22	\$4,824.70	\$4,935.05	\$5,075.02	
Revenue level <i>Average rate per property assessment</i> [Sum of all general rates and municipal charges / Number of property assessments]	\$1,720.49	\$1,784.47	\$1,851.55	N/A	\$1,909.13	\$1,960.83	\$1,993.63	\$2,043.35	\$2,094.37	
Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	94.14%	51.16%	117.36%	64.00%	164.85%	111.40%	129.09%	130.95%	130.81%	Council's liquidity is higher than its target due to \$10M of 2025/26 Local Government Grants funding received early and a delay in project completion of some major projects resulting in higher cash balances.
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	25.27%	29.03%	86.59%	N/A	132.68%	68.18%	84.94%	87.12%	85.70%	Council's liquidity is higher than its target due to \$10M of 2025/26 Local Government Grants funding received early and a delay in project completion of some major projects resulting in higher cash balances.
Obligations Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	2.54%	1.02%	13.93%	N/A	11.88%	17.26%	15.63%	39.67%	36.26%	The remaining loan of \$3M was not drawn down in 2025/26 as budgeted
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.22%	1.02%	1.02%	N/A	1.25%	2.15%	2.06%	4.14%	7.96%	The small increase to 1.25% reflects the actual costs of loan repayments including interest for 2025/26

PERFORMANCE STATEMENT (ANNUAL REPORT INSERT)

Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	29.71%	16.38%	23.90%	N/A	22.87%	26.07%	24.24%	43.07%	39.92%	
Asset renewal and upgrade Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	55.97%	57.96%	87.89%	113.00%	44.33%	97.04%	59.43%	63.85%	58.26%	Deferral of some capital projects and the revaluation of infrastructure assets has impacted ratio. The revaluation of infrastructure has increased depreciation for 2025/26.
Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	-7.63%	-10.74%	-1.32%	N/A	-5.45%	-21.69%	-4.05%	-4.19%	-4.33%	Expenditure was higher than forecast. The long term financial plan sets direction for reversing this trend.
Stability Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	46.17%	57.26%	44.45%	51.00%	47.88%	67.48%	57.47%	57.57%	57.36%	
Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.33%	0.30%	0.33%	N/A	0.38%	0.43%	0.44%	0.45%	0.46%	This indicator increased due to lower valuations and only slightly higher total rate revenue due to the Primary Production drought relief grant that reduced Total Rate revenue by approx \$3.9M.

Section 4 - Sustainable Capacity Indicators

For the year ended 30 June 2026

Results					Comment
Indicator / Measure [Formula]	2023 Actual	2024 Actual	2025 Actual	2026 Actual	
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$3,101.55	\$2,672.46	\$3,270.66	\$3,530.57	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$21,772.19	\$26,697.06	\$26,637.88	\$32,213.68	Impacted by uplift in asset revaluation
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	7.62	7.61	7.61	7.58	
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,876.84	\$1,900.26	\$1,951.69	\$1,983.70	
Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$840.40	\$351.91	\$1,107.21	\$1,029.80	
Disadvantage <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	2.00	2.00	2.00	2.00	
Workforce turnover <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	11.8%	22.2%	12.2%	14.5%	Figures are consistent with longer term average

Section 5. Notes to the accounts

5.1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed, service performance, financial performance and sustainable capacity indicators and measures together with a description of the municipal district, an explanation of material variations in the results and notes to the accounts. This statement has been prepared to meet the requirements of the Local Government Act 2020 and Local Government (Planning and Reporting) Regulations 2020.

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

The performance statement presents the actual results for the current year and the previous three years, along with the current year's target, if mandated by the Local Government (Planning and Reporting) Regulations 2020. Additionally, for the prescribed financial performance indicators and measures, the performance statement includes the target budget for the current year and the results forecast for the period 2025-26 to 2028-29 by the council's financial plan.

The Local Government (Planning and Reporting) Regulations 2020 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

5.2 Definitions

Key term	Definition
Aboriginal children	means a child who is an Aboriginal person
Aboriginal person	has the same meaning as in the Aboriginal Heritage Act 2006
Adjusted underlying revenue	means total income other than: • non-recurrent grants used to fund capital expenditure; and • non-monetary asset contributions; and • contributions to fund capital expenditure from sources other than those referred to above
adjusted underlying surplus (or deficit)	means adjusted underlying revenue less total expenditure
Annual Report	means an annual report prepared by a council under section 98 of the Act
Asset renewal expenditure	means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability
Asset upgrade expenditure	means expenditure that— (a) enhances an existing asset to provide a higher level of service; or (b) extends the life of the asset beyond its original life
Critical non-compliance outcome notification	means a notification received by council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health
Current assets	has the same meaning as in the Australian Accounting Standards
Current liabilities	has the same meaning as in the Australian Accounting Standards
Food premises	has the same meaning as in the <i>Food Act 1984</i>
Intervention level	means the level set for the condition of a road beyond which a council will not allow the road to deteriorate and will need to intervene
local road	means a sealed or unsealed road for which the council is the responsible road authority under the <i>Road Management Act 2004</i>
major non-compliance outcome notification	means a notification received by a council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

MCH	means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age
non-current liabilities	means all liabilities other than current liabilities
own-source revenue	means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)
population	means the resident population estimated by council
rate revenue	means revenue from general rates, municipal charges, service rates and service charges
relative socio-economic disadvantage	in relation to a municipal district, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipal district is located according to the Index of Relative Socio-Economic Disadvantage of SEIFA
restricted cash	means cash, cash equivalents and financial assets, within the meaning of the Australian Accounting Standards, not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year
SEIFA	means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet site
unrestricted cash	means all cash and cash equivalents other than restricted cash

5.3. Other matters

Overview of 2025/26

The following factors have materially impacted Council's 2025/26 performance reporting:

- Council received a one-off grant specifically for Primary Production ratepayers to offset against their rates to alleviate some of the financial impact of the drought. This has impacted some of Council's financial ratios in the performance reporting.
- Timing of financial assistance grant payments have impacted the financial ratios in Council's performance reporting. This has resulted in higher cash balances at the end of the financial year.
- Council has seen costs rising at a higher rate than the rate cap.
- Completion of two of Council's major capital projects - Portland Foreshore Community Infrastructure Refurbishment project and Gymnastics facility upgrade project were deferred due to negotiation of project variations. These projects are now scheduled for completion in 2026/27. This has resulted in higher cash balances at the end of the financial year.
- The asset revaluation amount booked by Council for 2025/26 has impacted some of the Financial ratios.

Governance and Management Checklist

For the year ended 30 June 2026

Governance and Management Items		Assessment
1	Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	Adopted in accordance with section 55 of the Act. Date of adoption: 23/02/2021 Reviewed 23/12/2024
2	Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Current guidelines in operation. Date of commencement: 01/01/2022 Reviewed 01/02/2024
3	Financial Plan (plan under section 91 of the Act outlining the financial and non-financial resources required for at least the next 10 financial years)	Adopted in accordance with section 91 of the Act. Date of adoption: 28/10/2025
4	Asset Plan (plan that sets out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Adopted in accordance with section 92 of the Act. Date of adoption: 28/10/2025
5	Revenue and Rating Plan (plan setting out the rating structure of Council to levy rates and charges)	Adopted in accordance with section 93 of the Act. Date of adoption: 24/06/2025

GOVERNANCE AND MANAGEMENT CHECKLIST (ANNUAL REPORT INSERT)

6	Annual budget (plan setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Budget adopted in accordance with section 94 of the Act. Date of adoption: 23/06/2026
7	Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Current policy in operation Date of commencement: 17/09/2020
8	Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Current policy in operation Date of commencement: 28/10/2025
9	Municipal emergency management planning (Participation in meetings of the Municipal Emergency Management Planning Committee.)	Municipal Emergency Management Planning Committee (MEMPC) meetings attended by one or more representatives of Council (other than the chairperson of the MEMPC) during the financial year. Dates of MEMPC meetings attended: 21/08/2025 20/11/2025 19/02/2026 21/05/2026
10	Procurement policy (policy outlining the principles, processes and procedures that will apply to all purchases of goods and services by the Council)	Adopted in accordance with section 108 of the Act. Date of commencement: 16/12/2025
11	Business continuity plan (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	Current plan in operation Date of commencement: 01/11/2022 Reviewed in June 2025

GOVERNANCE AND MANAGEMENT CHECKLIST (ANNUAL REPORT INSERT)

12	Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Current plan in operation Date of commencement: 31/01/2022 Adopted - 31/01/2022 Reviewed - 20/02/2024 Expired - 20/02/2025
13	Complaint policy (Policy under section 107 of the Act outlining Council's commitment and approach to managing complaints.)	Policy developed in accordance with section 107 of the Act. Date of commencement: 14/12/2021
14	Workforce plan (Plan outlining Council's commitment and approach to planning the current and future workforce requirements of the organisation.)	Plan developed in accordance with section 46 of the Act. Date of commencement: 14/12/2021
15	Payment of rates and charges hardship policy (Policy outlining Council's commitment and approach to assisting ratepayers experiencing financial hardship or difficulty paying their rates.)	Current policy in operation Date of commencement: 25/07/2023
16	Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Current framework in operation Date of commencement: 17/09/2025
17	Audit and Risk Committee (advisory committee of Council under section 53 and 54 of the Act)	Established in accordance with section 53 of the Act. Date of commencement: 25/08/2020 2025-2027 Charter Adopted: 22/07/2025
18	Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Internal auditor engaged Date of engagement: 23/06/2026

GOVERNANCE AND MANAGEMENT CHECKLIST (ANNUAL REPORT INSERT)

19	Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 98 of the Act)	Current framework in operation Date of adoption: 07/04/2015 Last amendment to framework: 17/12/2025
20	Council Plan report (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Current report Date of report: 24/02/2026 Full Year Report: within this Report of Operations
21	Quarterly budget reports (quarterly reports to Council under section 97 of the Act, comparing actual and budgeted results and an explanation of any material variations)	Quarterly reports presented to Council in accordance with section 97(1) of the Act. Date of report: 28/10/2025 27/01/2026 28/04/2026
22	Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Risk reports prepared and presented Dates of reports: 28/10/2025 28/04/2026
23	Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 98 of the Act)	No reports. Reason for no reports: Annual reporting prepared
24	Annual report (annual report under sections 98 and 99 of the Act containing a report of operations and audited financial and performance statements)	Annual report presented at a meeting of Council in accordance with section 100 of the Act. Date of presentation: 28/10/2025

GOVERNANCE AND MANAGEMENT CHECKLIST (ANNUAL REPORT INSERT)

25	Councillor Code of Conduct (Code setting out the standards of conduct to be followed by Councillors and other matters.)	Code of conduct reviewed and adopted in accordance with section 139 of the Act. Date reviewed and adopted: 11/11/2024
26	Delegations (documents setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Delegations reviewed in accordance with section 11(7) of the Act. and a register kept in accordance with sections 11(8) and 47(7) of the Act. Date of review: 24/03/2026 - S5 - Delegation to CEO 22/07/2025, 25/11/2025, 28/04/2026 - S6 - Delegation from Council to Staff 16/12/2025 - S6A - Delegation under the Planning and Environment Act 1987 22/07/2025, 25/11/2025 - S7 - Sub-delegation by CEO 25/11/2025 - S14 - Sub delegation by CEO for VicSmart and Future Home Applications 25/11/2025 - S16 - Delegation for Bushfire Reconstruction Applications under Planning and Environment Act 1987 22/07/2025 - S18 - Sub Delegation under the Environment Protection Act 2017
27	Meeting procedures (Governance Rules governing the conduct of meetings of Council and delegated committees)	Governance Rules adopted in accordance with section 60 of the Act. Date rules adopted: 23/01/2024