

# Yarra City 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.

**Dennis Bastas CPA**

Acting CFO and Principal Accounting Officer

13 September 2022

*Richmond*

In our opinion, the accompanying financial statements present fairly the financial transactions of the Yarra City Council for the year ended 30 June 2022 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.

**Cr Sophie Wade**

Mayor

13 September 2022

*Richmond*

**Cr Herschel Landes**

Councillor

13 September 2022

*Richmond*

**Sue Wilkinson**

Chief Executive Officer

13 September 2022

*Richmond*





## Comprehensive Income Statement For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Rates and charges	3.1	120,957	116,242
Statutory fees and fines	3.2	23,168	18,999
User fees	3.3	26,014	21,567
Grants - operating	3.4 (a)	20,256	20,542
Grants - capital	3.4 (b)	4,558	1,446
Contributions - monetary	3.5	5,737	5,114
Net gain on disposal of property, infrastructure, plant and equipment	3.6	-	2,994
Other income	3.7	1,872	1,695
<b>Total income</b>		<b>202,562</b>	<b>188,599</b>
<b>Expenses</b>			
Employee costs	4.1	97,865	95,135
Materials and services	4.2	73,017	70,541
Depreciation	4.3	23,960	23,044
Amortisation - right of use assets	4.4	1,263	1,160
Bad and doubtful debts	4.5	2,271	6,241
Borrowing costs	4.6	1,163	1,870
Finance costs - leases	4.7	147	171
Net loss on disposal of property, infrastructure plant and equipment	3.6	1,068	-
Other expenses	4.8	695	563
<b>Total expenses</b>		<b>201,449</b>	<b>198,725</b>
<b>Surplus/(deficit) for the year</b>		<b>1,113</b>	<b>(10,126)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment	6.1	8,122	92,318
<b>Total comprehensive result</b>		<b>9,235</b>	<b>82,192</b>

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

## Balance Sheet As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1 (a)	54,801	78,930
Trade and other receivables	5.1 (c)	23,578	18,984
Other financial assets	5.1 (b)	25,000	10,000
Inventories	5.2 (a)	180	95
Other assets	5.2 (b)	1,267	1,402
<b>Total current assets</b>		<b>104,827</b>	<b>109,411</b>
<b>Non-current assets</b>			
Investments in joint arrangements	6.2	5	5
Property, infrastructure, plant and equipment	6.1	2,041,598	2,025,671
Right-of-use assets	5.8	1,337	2,374
<b>Total non-current assets</b>		<b>2,042,940</b>	<b>2,028,050</b>
<b>Total assets</b>		<b>2,147,766</b>	<b>2,137,461</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3 (a)	11,075	15,737
Trust funds and deposits	5.3 (b)	15,359	11,854
Unearned income/revenue	5.3 (c)	10,994	5,703
Provisions	5.5	18,527	18,139
Interest-bearing liabilities	5.4	4,271	33,818
Lease liabilities	5.8	1,260	1,165
<b>Total current liabilities</b>		<b>61,486</b>	<b>86,416</b>
<b>Non-current liabilities</b>			
Trade and other payables	5.3 (a)	1,870	2,255
Other Liabilities	5.3 (b)	386	377
Provisions	5.5	1,443	1,435
Interest-bearing liabilities	5.4	34,900	7,385
Lease liabilities	5.8	200	1,347
<b>Total non-current liabilities</b>		<b>38,799</b>	<b>12,799</b>
<b>Total liabilities</b>		<b>100,285</b>	<b>99,215</b>
<b>Net assets</b>		<b>2,047,481</b>	<b>2,038,246</b>
<b>Equity</b>			
Accumulated surplus		654,053	656,661
Reserves	9.1	1,393,428	1,381,585
<b>Total Equity</b>		<b>2,047,481</b>	<b>2,038,246</b>

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

## Statement of Changes in Equity For the Year Ended 30 June 2022

2022	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		2,038,246	656,661	1,362,635	18,950
Surplus for the year		1,113	1,113	-	-
Net asset revaluation increment	6.1	8,122	-	8,122	-
Transfers to other reserves	9.1(b)	-	1,095	-	(1,095)
Transfers from other reserves	9.1(b)	-	(4,817)	-	4,817
		2,047,481	654,053	1,370,757	22,671
<b>Balance at end of the financial year</b>		<b>2,047,481</b>	<b>654,053</b>	<b>1,370,757</b>	<b>22,671</b>

2021		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		1,956,054	670,892	1,270,317	14,845
Deficit for the year		(10,127)	(10,127)	-	-
Net asset revaluation increment	6.1	92,318	-	92,318	-
Transfers to other reserves	9.1(b)	-	134	-	(134)
Transfers from other reserves	9.1(b)	-	(4,239)	-	4,239
<b>Balance at end of the financial year</b>		<b>2,038,246</b>	<b>656,661</b>	<b>1,362,635</b>	<b>18,950</b>

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 2022

	Note	2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		117,522	112,800
Statutory fees and fines		24,500	20,940
User fees		22,184	27,340
Grants - operating		25,547	20,542
Grants - capital		4,558	1,591
Contributions - monetary		5,737	5,114
Interest received		284	358
Trust funds and deposits taken		31,265	2,503
Other receipts		2,410	3,096
Net GST refund/(payment)		516	3,303
Employee costs		(97,470)	(92,347)
Materials and services		(80,970)	(81,989)
Trust funds and deposits repaid		(27,760)	(2,060)
<b>Net cash provided by operating activities</b>	9.2	<b>28,325</b>	<b>21,191</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.1	(33,635)	(25,747)
Proceeds from sale of property, infrastructure, plant and equipment	3.6	801	3,163
Payments for investments	5.1(b)	(45,000)	(10,000)
Proceeds from sale of investments	5.1(b)	30,000	-
<b>Net cash used in investing activities</b>		<b>(47,833)</b>	<b>(32,584)</b>
<b>Cash flows from financing activities</b>			
Finance costs	5	(1,163)	(1,870)
Proceeds from borrowings		32,500	-
Repayment of borrowings		(34,532)	(1,270)
Interest paid - lease liability	4.7	(147)	(171)
Repayment of lease liabilities		(1,278)	(1,104)
<b>Net cash used in financing activities</b>		<b>(4,620)</b>	<b>(4,415)</b>
Net decrease in cash and cash equivalents		(24,128)	(15,808)
Cash and cash equivalents at the beginning of the financial year		78,930	94,738
<b>Cash and cash equivalents at the end of the financial year</b>	5.1(a)	<b>54,801</b>	<b>78,930</b>
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

Fire Services Levy processed through Trust Funds and Deposits from 2021/22.

## Statement of Capital Works For the Year Ended 30 June 2022

	2022 \$'000	2021 \$'000
<b>Property</b>		
Buildings	12,217	6,790
<b>Total buildings</b>	<b>12,217</b>	<b>6,790</b>
<b>Total property</b>	<b>12,217</b>	<b>6,790</b>
<b>Plant and equipment</b>		
Plant, machinery and equipment	1,887	2,015
Fixtures, fittings and furniture	110	-
Computers and telecommunications	1,835	2,165
Library books	635	644
<b>Total plant and equipment</b>	<b>4,468</b>	<b>4,824</b>
<b>Infrastructure</b>		
Roads	6,036	5,575
Bridges	2	110
Footpaths and cycleways	2,790	2,486
Drainage	3,579	2,213
Waste management	65	75
Parks, open space and streetscapes	2,777	2,337
Other infrastructure	1,701	1,318
<b>Total infrastructure</b>	<b>16,951</b>	<b>14,114</b>
<b>Total capital works expenditure</b>	<b>33,635</b>	<b>25,728</b>
<b>Represented by:</b>		
New asset expenditure	4,912	1,012
Asset renewal expenditure	25,137	23,137
Asset upgrade expenditure	3,586	1,579
<b>Total capital works expenditure</b>	<b>33,635</b>	<b>25,728</b>

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 2022

### Note 1 OVERVIEW

#### Introduction

The City of Yarra was established by an Order of the Governor in Council on 22 June 1994 and is a body corporate. The Council's main office is located at 333 Bridge Road Richmond.

#### Statement of compliance

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

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

#### Significant accounting policies

##### (a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, 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.

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee 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
- other areas requiring judgements.

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

##### (b) COVID-19 impacts on Council

Like all Councils across Victoria, Yarra was impacted financially by the COVID-19 pandemic, both through increased spending to support our local community and businesses and loss of revenue. We made a deliberate and considered decision to step up and assist our community, and businesses during the pandemic through the following initiatives:

- Precinct activations and economic recovery achieved through Yarra's temporary outdoor dining program. All fees associated with outdoor dining were waived during the pandemic and further support was provided to business through the COVID Safe Outdoor Dining program (\$1.372m), and
- Extension of the hardship policy, assisting the vulnerable members of our community impacted by COVID-19.

Council's financial operations were impacted by the following:

- Revenue from statutory fees and fines and user fees were under budget by \$11.072m and \$6.772m respectively, and
- Additional costs were incurred to protect the community, including the provision of COVID-19 Marshalls.

Council's Capital Works Program was also impacted due to:

- Supply chain delays and construction material shortages (including the availability of timber and steel), and
- A reduction in the number of permitted workers allowed at sites reduced the ability to complete planned projects.

## Notes to the Financial Report for the Year Ended 30 June 2022

### Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of 10 percent and at least \$0.5 million 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 2021/22 \$'000	Actual 2021/22 \$'000	Variance \$'000 Fav/(Unfav)	Variance % Fav/(Unfav)	Ref
<b>Income</b>					
Rates and charges	119,991	120,957	966	0.8%	
Statutory fees and fines	34,240	23,168	(11,072)	(32.3%)	1
User fees	32,786	26,014	(6,772)	(20.7%)	2
Grants - operating	15,356	20,256	4,900	31.9%	3
Grants - capital	3,052	4,558	1,506	49.3%	4
Contributions - monetary	6,406	5,737	(669)	(10.4%)	5
Other income	2,146	1,872	(273)	(12.7%)	
<b>Total income</b>	<b>213,977</b>	<b>202,562</b>	<b>(11,415)</b>	<b>(5.3%)</b>	
<b>Expenses</b>					
Employee costs	96,635	97,865	(1,231)	(1.3%)	
Materials and services	75,720	73,017	2,703	3.6%	
Depreciation	24,550	23,960	590	2.4%	
Amortisation - Right of use assets	1,145	1,263	(117)	(10.3%)	
Bad and doubtful debts	5,000	2,271	2,729	54.6%	6
Borrowing costs	1,387	1,163	224	16.2%	
Finance costs - Leases	119	147	(28)	(23.5%)	
Net loss on disposal of property, infrastructure, plant and equipment	(50)	1,068	(1,118)	96.0%	7
Other expenses	631	695	(64)	(10.1%)	
<b>Total expenses</b>	<b>205,138</b>	<b>201,449</b>	<b>3,688</b>	<b>1.8%</b>	
<b>Surplus/(deficit) for the year</b>	<b>8,839</b>	<b>1,113</b>	<b>(7,727)</b>	<b>87.4%</b>	

Notes to the Financial Report for the Year Ended 30 June 2022

Note 2.1 Performance against budget (Cont'd)

2.1.1 Income and expenditure (Cont'd)

(i) Explanation of material variations

Ref	Item	Explanation
1	Statutory fees and fines	Unfavourable variance actual to budget is driven by the prolonged impact of the COVID-19 pandemic. COVID-19 restrictions reduced parking activity, significantly decreasing revenue from parking meters and infringement notices.
2	User fees	Unfavourable variance actual to budget is driven by the prolonged impact of the COVID-19 pandemic. COVID-19 restrictions resulted in closure of Leisure & Recreational facilities, reducing user fees significantly.
3	Grants - operating	Favourable variance to budget driven by unbudgeted grants received, including; Outdoor Activation Fund and System and Online Portal Development, (offset directly by employee costs and materials and services) and forward payment of 2022/23 allocation of Financial Assistance Grant.
4	Grants - capital	Capital grants were favourable to budget primarily due to the timing of the Jack Dyer Pavilion and Brunswick Street Oval Precinct redevelopment grants.
5	Contributions - monetary	Unfavourable variance driven by Developer Contributions being lower than expected.
6	Bad and doubtful debts	Favourable variance to budget driven by the prolonged impact of the COVID-19 pandemic reducing the volume of parking infringements issued and the level of doubtful debts expense.
7	Net loss on disposal of non-current assets	Unfavourable variance driven by write off of obsolete assets and prior year work in progress.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 2.1 Performance against budget (Cont'd)

2.1.2 Capital works

	Budget 2021/22 \$'000	Actual 2021/22 \$'000	Variance \$'000 Fav/(Unfav)	Variance % Fav/(Unfav)	Ref
<b>Property</b>					
Buildings	15,850	12,217	(3,633)	(22.9%)	1
<b>Total buildings</b>	<b>15,850</b>	<b>12,217</b>	<b>(3,633)</b>	<b>(22.9%)</b>	
<b>Total property</b>	<b>15,850</b>	<b>12,217</b>	<b>(3,633)</b>	<b>(22.9%)</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	2,131	1,887	(244)	(11.4%)	
Fixtures, fittings and furniture	605	110	(495)	(81.8%)	
Computers and telecommunications	1,906	1,835	(71)	(3.7%)	
Library books	630	635	5	0.0%	
<b>Total plant and equipment</b>	<b>5,272</b>	<b>4,468</b>	<b>(804)</b>	<b>(15.3%)</b>	
<b>Infrastructure</b>					
Roads	6,214	6,036	(178)	(2.9%)	
Bridges	110	2	-	0.0%	
Footpaths and cycleways	3,356	2,790	(566)	(16.9%)	2
Drainage	3,190	3,579	389	12.2%	
Waste management	75	65	(10)	(12.7%)	
Parks, open space and streetscapes	10,130	2,777	(7,353)	(72.6%)	3
Other infrastructure	4,145	1,701	(2,444)	(59.0%)	4
<b>Total infrastructure</b>	<b>27,220</b>	<b>16,951</b>	<b>(10,162)</b>	<b>(37.3%)</b>	
<b>Total capital works expenditure</b>	<b>48,342</b>	<b>33,635</b>	<b>(14,707)</b>	<b>(30.4%)</b>	
<b>Represented by:</b>					
New asset expenditure	5,602	4,912	(690)	(12.3%)	
Asset renewal expenditure	35,720	25,137	(10,583)	(29.6%)	
Asset upgrade expenditure	7,020	3,586	(3,434)	(48.9%)	
<b>Total capital works expenditure</b>	<b>48,342</b>	<b>33,635</b>	<b>(14,707)</b>	<b>(30.4%)</b>	

2.1.2 Capital works (Cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	Building expenditure was \$3.63m below budget due to a number of projects being impacted by delays and shortages of construction materials resulting from the prolonged impact of the COVID-19 pandemic. Planned pavilion works at Fairfield Park have been delayed due to a heritage protection nomination process for Fairfield Park Amphitheatre and the adjacent pavilion.
2	Footpaths and cycleways	Footpaths and cycleways construction was impacted by the industry restrictions and shutdowns (as a result of the prolonged impact of the COVID-19 pandemic). There was also a shortage of materials and contractor availability which impacted project delivery.
3	Parks, open space and streetscapes	Parks, open space and streetscape construction-was impacted by the industry restrictions and shutdowns (as a result of the prolonged impact of the COVID-19 pandemic). There was also a shortage of materials and contractor availability, and delays to consultation processes which impacted project delivery.
4	Other infrastructure	Traffic and other transport projects construction was impacted by the industry restrictions and shutdowns (as a result of the prolonged impact of the COVID-19 pandemic). There was also a shortage of materials and contractor availability, and delays to approvals by external authorities which impacted project delivery.

## Notes to the Financial Report for the Year Ended 30 June 2022

### Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

#### 2.2.1 Planning and Placemaking

The Planning and Placemaking division is responsible for providing strategic input into the overall management of the city. It includes, City Strategy (Economic Development, Strategic Planning, Urban Design and Open Space), Statutory Planning (subdivision, heritage), Sustainability, Strategic Transport and Building Services.

#### City Works and Assets

The City Works and Assets division is responsible for asset management, maintenance and provision of a range of assets that contribute to liveability, including buildings, civil infrastructure such as drains, roads and footpaths, sporting facilities, gardens and trees. It also supports the local amenity through services such as waste collection, recycling service, and street cleansing. The division ensures safety and amenity related to development within Yarra, and seeks to manage traffic and the impact of works from external authorities. The division also support health and wellbeing through the management of Councils Recreation and Leisure services.

#### Community Wellbeing

The Community Wellbeing division provides high quality community focused programs, service delivery and communication to residents. Community Wellbeing is comprised of community care, connected communities, family services, health communities and social planning and investment.

#### Corporate, Business and Finance

The Corporate, Business and Finance division provides efficient, effective and proactive support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes financial services, digital information and technology, health and local laws, procurement, strategy and program delivery and program integration and development.

#### People and Culture

People & Culture provides strategic people management, supports inclusive and safe workplace practices and leads and supports programs and initiatives in leadership, development, diversity and inclusion across Council. The division includes, human resources, payroll culture capability and diversity and risk and safety.

#### Chief Executive Officer's Office

The Chief Executive Officer's division is responsible for governance, heritage, property services, Aboriginal partnerships and for providing support to the mayor and Councillors. The division also oversees Council meetings, legal, public registers, delegations and freedom of information requests, and has oversight of Council's integrity processes including public interest disclosures and enquiries. It is also responsible for managing Council's property portfolio including leases, licenses and management agreements.

#### Advocacy Engagement and Communications

Advocacy Engagement and Communications division delivers strategic communications and advocacy, media relations, publications, digital communications and marketing, community consultation and engagement and civic events.



Notes to the Financial Report for the Year Ended 30 June 2022

Note 2.2 Analysis of Council results by program (Cont'd)

2.2.2 Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
Corporate Business and Finance	152,190	58,466	93,724	4,236	115,166
Planning and Placemaking	11,720	20,786	(9,067)	2,638	904
Community Wellbeing	17,319	41,360	(24,041)	13,311	2,221
City Works and Assets	19,256	64,405	(45,149)	4,408	2,022,324
Chief Executive	1,854	6,192	(4,338)	-	7,151
People & Culture	223	7,636	(7,413)	221	-
Advocacy & Engagement	-	2,604	(2,604)	-	-
	<b>202,562</b>	<b>201,449</b>	<b>1,113</b>	<b>24,814</b>	<b>2,147,766</b>

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
Corporate Business and Finance	144,651	62,106	82,545	2,731	117,742
Planning and Placemaking	8,731	18,013	(9,282)	788	1,442
Community Wellbeing	16,465	37,123	(20,658)	12,733	2,501
City Works and Assets	14,310	64,876	(50,566)	2,297	2,007,797
Chief Executive	1,016	5,061	(4,046)	15	7,979
People & Culture	3,427	9,149	(5,722)	3,425	-
Advocacy & Engagement	-	2,397	(2,397)	-	-
	<b>188,599</b>	<b>198,725</b>	<b>(10,126)</b>	<b>21,988</b>	<b>2,137,461</b>

## Notes to the Financial Report for the Year Ended 30 June 2022

### Note 3 Funding for the delivery of our services

#### 3.1 Rates and charges

Council uses Net Annual Value as the basis of valuation of all properties within the municipal district. The NAV of a property is its imputed rental value.

The valuation base used to calculate general rates for 2021/22 was \$2,999 million (2020/21 \$2,920 million).

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
General rates	88,839	85,405
Commercial	22,789	22,754
Industrial	7,241	7,080
Special rates and charges	141	-
Supplementary rates and rate adjustments	1,899	883
Garbage bin charges	49	48
Interest on rates and charges	(1)	72
<b>Total rates and charges</b>	<b>120,957</b>	<b>116,242</b>

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

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

#### 3.2 Statutory fees and fines

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Infringements and costs	10,916	8,457
Court recoveries	2,442	1,849
Fees - parking meters/ticket machines	7,947	6,910
Permits	1,864	1,783
<b>Total statutory fees and fines</b>	<b>23,168</b>	<b>18,999</b>

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

Notes to the Financial Report for the Year Ended 30 June 2022

Note 3 Funding for the delivery of our services (Cont'd)	2022	2021
	\$'000	\$'000
<b>3.3 User fees</b>		
Leisure centres and golf course fees	6,363	3,958
Child care/children's program fees	2,856	2,864
Town planning fees	4,114	3,653
Registration fees	1,750	1,576
Aged services fees	228	208
Road occupation permit fees	4,826	4,572
Footpath advertising & display	411	86
Building services fees	290	251
Valuation fees/supplementary charges	198	183
Kerb market fees	183	100
Land information certificates	175	135
Local laws fines	181	430
Rent	1,556	1,010
Permits - Bins and Skips	199	185
After School Program	211	160
Report and Consent Fees	173	162
Road and Drainage Inspection Fees	1,037	842
Hall hire	155	145
Asset Protection Permits	216	214
Occupation area permit fees	236	300
Other fees and charges	657	533
<b>Total user fees</b>	<b>26,014</b>	<b>21,567</b>

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 2022

## Note 3 Funding for the delivery of our services (Cont'd)

<b>3.4 Funding from other levels of government</b>	<b>2022</b>	<b>2021</b>
Grants were received in respect of the following :	<b>\$'000</b>	<b>\$'000</b>
<b>Summary of grants</b>		
Commonwealth funded grants	12,362	10,577
State funded grants	12,452	11,411
<b>Total grants received</b>	<b>24,814</b>	<b>21,988</b>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grants	3,384	2,392
Children Services	4,385	4,534
Primary care partnerships	1,472	1,621
General home care	1,592	764
<b>Recurrent - State Government</b>		
Family and children services	2,727	2,891
Maternal and child health	1,015	708
Aged care services	924	1,153
Library	707	720
School crossing supervisors	339	320
Tobacco Act Reform	49	-
Community safety	-	92
Other	-	18
<b>Total recurrent operating grants</b>	<b>16,594</b>	<b>15,213</b>
<b>Non-recurrent - Commonwealth Government</b>		
Drainage maintenance	-	15
<b>Non-recurrent - State Government</b>		
COVID-19 response	2,359	1,394
Regulatory Reform	319	-
Working for Victoria	221	2,738
Environmental planning	-	633
Family and children services	204	125
Other	560	424
<b>Total non-recurrent operating grants</b>	<b>3,662</b>	<b>5,329</b>
<b>Total Operating Grants</b>	<b>20,256</b>	<b>20,542</b>
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	259	259
<b>Total recurrent capital grants</b>	<b>259</b>	<b>259</b>
<b>Non-recurrent - Commonwealth Government</b>		
Roads - Black Spot funding	128	480
Roads LRCI program	1,142	512
<b>Non-recurrent - State Government</b>		
Buildings	2,335	109
Roads	387	50
Open space	197	1
Drainage	-	25
Other	110	10
<b>Total non-recurrent capital grants</b>	<b>4,299</b>	<b>1,187</b>
<b>Total Capital Grants</b>	<b>4,558</b>	<b>1,446</b>
<b>Total Grants</b>	<b>24,814</b>	<b>21,988</b>

Notes to the Financial Report for the Year Ended 30 June 2022

Note 3 Funding for the delivery of our services (Cont'd)

3.4 Funding from other levels of government (Cont'd)

	2022 \$'000	2021 \$'000
<b>(c) Unspent grants</b>		
<b>Operating</b>		
Balance at start of year	2,604	2,165
Received during the financial year and remained unspent at balance date	2,616	1,879
Received in prior years and spent during the financial year	(1,558)	(1,440)
Balance at year end	<u>3,662</u>	<u>2,604</u>
<b>Capital</b>		
Balance at start of year	18,636	16,295
Received during the financial year and remained unspent at balance date	6,229	2,521
Received in prior years and spent during the financial year	(3,124)	(180)
Balance at year end	<u>21,741</u>	<u>18,636</u>

\*The major portion of unspent capital grants at the start of the year relates to state government funding received for the Fitzroy Depot relocation.

**(d) Recognition of grant income**

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

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

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

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

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

General purpose	16,594	15,213
Specific purpose grants to acquire non-financial assets	259	259

**Revenue recognised under AASB 15 *Revenue from Contracts with Customers***

Specific purpose grants	7,961	6,516
	<u>24,814</u>	<u>21,988</u>

3.5 Contributions

Monetary	5,737	5,114
<b>Total contributions</b>	<u>5,737</u>	<u>5,114</u>

**Monetary**

Public Open Space contributions	4,817	4,239
Developer contributions plan levy	181	14
Road maintenance/works (other)	181	364
Open space and planning	254	288
Park rental	53	54
Other	251	155
<b>Total monetary contributions</b>	<u>5,737</u>	<u>5,114</u>

*Monetary contributions are recognised as revenue at their fair value when Council obtains control over the contributed asset.*

Notes to the Financial Report for the Year Ended 30 June 2022

Note 3 Funding for the delivery of our services (Cont'd)	2022	2021
<b>3.6 Net gain on disposal of property, infrastructure, plant and equipment</b>	<b>\$'000</b>	<b>\$'000</b>
Proceeds from sale of assets	801	3,163
Written down value of assets sold/disposed	(1,869)	(169)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(1,068)</b>	<b>2,994</b>

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

**3.7 Other income**

Interest	284	358
Victorian Electoral Commission fines	169	41
Hall hire	31	41
Waste management	69	111
Venues and events	90	94
Strategic planning	58	6
Early Years Unit	92	-
Leisure services	67	124
Valuations	-	41
Reimbursements road reinstatements	121	272
Reimbursements legal fees	361	217
Reimbursements building maintenance	31	-
Reimbursements capital works	123	-
Other	378	390
<b>Total other income</b>	<b>1,872</b>	<b>1,695</b>

Interest is recognised as it is earned.

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

Notes to the Financial Report for the Year Ended 30 June 2022

Note 4 The cost of delivering services

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>4.1 (a) Employee costs</b>		
Wages and salaries	72,908	71,060
WorkCover	663	501
Casual staff	6,920	5,860
Superannuation	8,158	7,483
Fringe benefits tax	247	244
Agency staff (external)	3,621	2,409
Other	5,348	7,578
<b>Total employee costs</b>	<b>97,865</b>	<b>95,135</b>

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	<b>335</b>	<b>353</b>
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**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,606	3,378
Employer contributions - other funds	4,217	3,752
	<b>7,823</b>	<b>7,130</b>

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

**4.2 Materials and services**

Materials and services	21,320	20,468
Aged services contract payments	1,569	1,326
Waste services contract payments	4,270	4,857
Recycling contract payments	3,723	3,887
Tipping fees	3,085	2,147
Open space contract payments	3,573	3,110
Bushland tree maintenance contract payments	1,506	1,615
Street cleaning services contract payments	3,422	3,234
Other contract payments	7,195	8,329
Building maintenance	3,710	3,908
General maintenance	4,983	5,258
Utilities	3,340	3,149
Information technology	5,460	4,231
Insurance	2,015	2,011
Consultants	3,847	3,011
<b>Total materials and services</b>	<b>73,017</b>	<b>70,541</b>

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

**4.3 Depreciation**

Property	2,859	2,852
Plant and equipment	6,402	5,821
Infrastructure	14,698	14,371
<b>Total depreciation</b>	<b>23,960</b>	<b>23,044</b>

Refer to note 5.8 and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 4 The cost of delivering services (Cont'd)

	2022	2021
	\$'000	\$'000
<b>4.4 Amortisation - Right of use assets</b>		
Equipment	1,263	1,160
<b>Total Amortisation - Right of use assets</b>	<u>1,263</u>	<u>1,160</u>
<b>4.5 Bad and doubtful debts</b>		
Parking infringement debtors	2,405	6,022
Other debtors	(133)	219
<b>Total bad and doubtful debts</b>	<u>2,271</u>	<u>6,241</u>
<b>Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	43,943	37,934
New provisions recognised during the year	2,263	6,098
Amounts already provided for and written off as uncollectible	(11,699)	(89)
Balance at end of year	<u>34,507</u>	<u>43,943</u>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment. During 2021-22, the model deemed a level of infringement notices to be not collectable and therefore written off.

**4.6 Borrowing costs**

Interest - borrowings	1,163	1,870
<b>Total borrowing costs</b>	<u>1,163</u>	<u>1,870</u>

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

**4.7 Finance Costs - Leases**

Interest - lease liabilities	147	171
<b>Total finance costs</b>	<u>147</u>	<u>171</u>

**4.8 Other expenses**

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	61	76
Auditors' remuneration - internal	208	172
Councillors' allowances	372	315
Others	53	-
<b>Total other expenses</b>	<u>695</u>	<u>563</u>



Notes to the Financial Report for the Year Ended 30 June 2022

Note 5 Our financial position

5.1 Financial assets	2022	2021
(a) Cash and cash equivalents	\$'000	\$'000
Cash at Bank	23,596	1,359
Cash on Hand	10	11
Term deposits	31,195	77,560
<b>Total cash and cash equivalents</b>	<b>54,801</b>	<b>78,930</b>
<b>(b) Other financial assets</b>		
Term deposits - current	25,000	10,000
<b>Total other financial assets</b>	<b>25,000</b>	<b>10,000</b>
<b>Total financial assets</b>	<b>79,801</b>	<b>88,930</b>

Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

Trust funds and deposits (Note 5.3b)	15,745	12,231
Statutory Reserves (note 9.1b)	22,671	18,950
<b>Total restricted funds</b>	<b>38,416</b>	<b>31,180</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>16,386</b>	<b>47,749</b>
<b>Total unrestricted financial assets</b>	<b>41,386</b>	<b>57,749</b>

**Intended allocations**

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

- Cash held to fund carried forward capital works	11,259	12,400
- Capital grant funding	21,741	21,232
- Other grant carry overs	3,662	2,074
<b>Total funds subject to intended allocations</b>	<b>36,662</b>	<b>35,706</b>

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.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 5 Our financial position (Cont'd)

5.1 Financial assets (Cont'd)

	2022	2021
	\$'000	\$'000
<b>(c) Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	15,703	13,268
Provision for doubtful debts - rates	(715)	(1,000)
Infringement debtors	36,500	45,081
Provision for doubtful debts - parking infringements	(32,186)	(41,274)
Provision for doubtful debts - non-parking infringements	(1,384)	(1,499)
GST recoverable from ATO	1,775	2,291
<i>Non statutory receivables</i>		
Other debtors	4,107	2,287
Provision for doubtful debts - non statutory receivables	(223)	(170)
<b>Total trade and other receivables</b>	<b>23,578</b>	<b>18,984</b>

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

**(d) 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)	3,326	3,122
Past due by up to 30 days	1,115	202
Past due between 31 and 180 days	398	304
Past due between 181 and 365 days	326	129
Past due by more than 1 year	495	652
<b>Total trade and other receivables</b>	<b>5,659</b>	<b>4,408</b>

**(e) Ageing of individually impaired Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$34.5m (2021: \$43.9m) were impaired. The amount of the provision raised against these debtors was \$2.2m (2021: \$6.1m). 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

Current (not yet due)	332	239
Past due by up to 30 days	178	176
Past due between 31 and 180 days	558	567
Past due between 181 and 365 days	1,684	1,321
Past due by more than 1 year	31,756	41,640
<b>Total trade and other receivables</b>	<b>34,507</b>	<b>43,943</b>

Notes to the Financial Report for the Year Ended 30 June 2022

Note 5 Our financial position (Cont'd)

5.2 Non-financial assets	2022	2021
(a) Inventories	\$'000	\$'000
Inventories held for distribution	180	95
<b>Total inventories</b>	<b>180</b>	<b>95</b>

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

<b>(b) Other assets</b>		
Prepayments	1,228	1,388
Accrued income	39	14
<b>Total other assets</b>	<b>1,267</b>	<b>1,402</b>

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

(a) Trade and other payables		
Current		
Trade payables	7,029	11,230
Superannuation	14	10
Accrued expenses	4,033	4,497
	<b>11,075</b>	<b>15,737</b>

<b>Non-current</b>		
Accrued expenses	1,870	2,255
<b>Total trade and other payables</b>	<b>12,945</b>	<b>17,992</b>

(b) Trust funds and deposits		
Current		
Drainage works deposits	30	30
Leased properties	31	26
Refundable deposits	6,587	5,664
Fire services levy	8,602	6,026
Other refundable deposits	110	108
	<b>15,359</b>	<b>11,854</b>

<b>Non-current</b>		
Other liabilities	386	377
<b>Total trust funds and deposits</b>	<b>15,745</b>	<b>12,231</b>

(c) Unearned income/revenue		
Income in advance	1,329	578
Grants received in advance - operating	3,662	2,521
Grants received in advance - capital	6,004	2,604
<b>Total unearned income</b>	<b>10,994</b>	<b>5,703</b>

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of leisure services, facility hire, child care and infrastructure reinstatements. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 5 Our financial position (Cont'd)

5.3 Payables (Cont'd)

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.

Fire Service Levy - 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.

5.4 Interest-bearing liabilities	2022	2021
	\$'000	\$'000
<b>Current</b>		
Treasury Corporation of Victoria borrowings - secured	2,922	-
Bank loans - secured	1,349	33,818
	<u>4,271</u>	<u>33,818</u>
<b>Non-current</b>		
Treasury Corporation of Victoria borrowings - secured	28,145	-
Bank loans - secured	6,755	7,385
	<u>34,900</u>	<u>7,385</u>
<b>Total</b>	<u>39,171</u>	<u>41,203</u>
Borrowings are secured by way of mortgages over the general rates of Council.		
The maturity profile for Council's borrowings is:		
Not later than one year	4,271	33,818
Later than one year and not later than five years	21,818	5,794
Later than five years	13,082	1,591
	<u>39,171</u>	<u>41,203</u>

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

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

Notes to the Financial Report for the Year Ended 30 June 2022

Note 5 Our financial position (Cont'd)

5.5 Provisions

	<b>Employee</b>	
	<b>\$ '000</b>	
<b>2022</b>		
Balance at beginning of the financial year	19,574	
Additional provisions	5,901	
Amounts used	(5,234)	
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(272)	
Balance at the end of the financial year	<u>19,970</u>	
<b>2021</b>		
Balance at beginning of the financial year	16,787	
Additional provisions	6,692	
Amounts used	(4,032)	
Change in the discounted amount arising because of time and the effect of any change in the discount rate	127	
Balance at the end of the financial year	<u>19,574</u>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	6,221	6,070
TOIL	101	116
Long service leave	1,265	1,240
	<u>7,587</u>	<u>7,426</u>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	2,074	2,024
Long service leave	8,866	8,689
	<u>10,939</u>	<u>10,713</u>
<b>Total current employee provisions</b>	<u>18,527</u>	<u>18,139</u>
<b>Non-current</b>		
Long service leave	1,443	1,435
<b>Total non-current employee provisions</b>	<u>1,443</u>	<u>1,435</u>
<b>Aggregate carrying amount of employee provisions:</b>		
Current	18,527	18,139
Non-current	1,443	1,435
<b>Total aggregate carrying amount of employee</b>	<u>19,970</u>	<u>19,574</u>

## Notes to the Financial Report for the Year Ended 30 June 2022

### Note 5 Our financial position (Cont'd)

#### 5.5 Provisions (Cont'd)

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

##### *Annual leave*

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

##### *Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

Key assumptions:

	<b>2022</b>	<b>2021</b>
Weighted average increase in employee costs	1.75%	1.50%
Weighted average discount rates	3.43%	1.06%
Weighted average settlement period	5 Years	5 Years

#### 5.6 Financing arrangements

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

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank overdraft	10,000	10,000
Credit card facilities	495	495
Treasury Corporation of Victoria facilities	31,067	-
Bank loan facilities	8,104	41,203
Total facilities	<b>49,666</b>	<b>51,698</b>
Used facilities	(39,303)	(41,318)
Unused facilities	<b>10,363</b>	<b>10,380</b>

Notes to the Financial Report for the Year Ended 30 June 2022

Note 5 Our financial position (Cont'd)

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.

(a) Commitments for expenditure

2022	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
<b>Operating</b>					
Street cleaning services	3,270	-	-	-	3,270
Garbage collection and recycling	7,756	136	69	-	7,961
Open space management	2,105	1,288	2,692	-	6,084
Information systems & technology	5,126	1,731	167	75	7,100
Cleaning contracts for Council buildings	1,582	-	-	-	1,582
Animal pound services	70	70	210	-	350
Drainage maintenance	201	207	323	-	732
<b>Total</b>	<b>20,111</b>	<b>3,432</b>	<b>3,462</b>	<b>75</b>	<b>27,079</b>
<b>Capital</b>					
Buildings	2,386	-	-	-	2,386
<b>Total</b>	<b>22,497</b>	<b>3,432</b>	<b>3,462</b>	<b>75</b>	<b>29,465</b>
<b>2021</b>					
	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
<b>Operating</b>					
Street cleaning services	3,215	3,270	-	-	6,485
Garbage collection and recycling	3,113	3,185	-	-	6,298
Open space management	1,517	-	-	-	1,517
Information systems & technology	2,554	-	-	-	2,554
Cleaning contracts for Council buildings	1,633	1,064	-	-	2,697
Insurances	1,321	-	-	-	1,321
<b>Total</b>	<b>13,353</b>	<b>7,519</b>	<b>-</b>	<b>-</b>	<b>20,872</b>
<b>Capital</b>					
Buildings	5,684	-	-	-	5,684
<b>Total</b>	<b>19,037</b>	<b>7,519</b>	<b>-</b>	<b>-</b>	<b>26,556</b>

Notes to the Financial Report for the Year Ended 30 June 2022

Note 5 Our financial position (Cont'd)

(b) Operating lease receivables

The Council has entered into commercial property leases of freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

Future undiscounted minimum rentals receivable under non-cancellable operating leases are as follows:

	2022	2021
	\$'000	\$'000
Not later than one year	388	614
Later than one year and not later than five years	954	724
Later than five years	117	363
	<b>1,459</b>	<b>1,701</b>

5.8 Leases

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

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

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

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

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

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

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

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

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

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



Notes to the Financial Report for the Year Ended 30 June 2022

Note 5 Our financial position (Cont'd)

5.8 Leases (Cont'd)

<b>Right-of-Use Assets</b>	<b>Plant and equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 30 June 2021	2,374	2,374
Additions	226	226
Amortisation charge	(1,263)	(1,263)
Balance at 30 June 2022	<b>1,337</b>	<b>1,337</b>
Balance at 1 July 2020	2,307	2,307
Additions	1,227	1,227
Amortisation charge	(1,160)	(1,160)
Balance at 30 June 2021	<b>2,374</b>	<b>2,374</b>
<b>Lease Liabilities</b>	<b>2022</b>	<b>2021</b>
Maturity analysis - contractual undiscounted cash flows	<b>\$'000</b>	<b>\$'000</b>
Less than one year	1,307	1,296
One to five years	203	1,417
More than five years	-	-
Total undiscounted lease liabilities as at 30 June:	<b>1,510</b>	<b>2,713</b>
Lease liabilities included in the Balance Sheet at 30 June:		
Current	1,260	1,165
Non-current	200	1,347
Total lease liabilities	<b>1,460</b>	<b>2,512</b>

**Short-term and low value leases**

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

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Expenses relating to:</b>		
Leases of low value assets	-	3
<b>Total</b>	<b>-</b>	<b>3</b>

Notes to the Financial Report for the Year Ended 30 June 2022

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2021	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At Fair Value 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	1,209,296	6,324	-	48,865	(2,860)	(239)	(1,066)	2,219	1,262,539
Plant and equipment	38,510	4,597	-	-	(6,403)	-	-	646	37,350
Infrastructure	772,057	12,640	-	(40,743)	(14,697)	-	(64)	128	729,322
Work in progress	5,808	10,073	-	-	-	-	(501)	(2,993)	12,387
	<b>2,025,671</b>	<b>33,635</b>	<b>-</b>	<b>8,122</b>	<b>(23,960)</b>	<b>(239)</b>	<b>(1,631)</b>	<b>-</b>	<b>2,041,598</b>

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	3,550	7,040	(304)	(2,049)	8,237
Plant and equipment	1,281	2,037	-	(605)	2,713
Infrastructure	977	996	(197)	(339)	1,437
Total	<b>5,808</b>	<b>10,073</b>	<b>(501)</b>	<b>(2,993)</b>	<b>12,387</b>

Notes to the Financial Report for the Year Ended 30 June 2022

Note 6 Assets we manage (Cont'd)

6.1 Property, infrastructure, plant and equipment (Cont'd)

(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non-specialised	Building improvements	Leasehold improvements	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 30 June 2021	817,897	185,421	12,180	1,015,498	-	287,825	728	-	-	288,553	3,550	1,307,601
Accumulated depreciation at 30 June 2021	-	-	-	-	-	(94,111)	(644)	-	-	(94,755)	-	(94,755)
	817,897	185,421	12,180	1,015,498	-	193,714	84	-	-	193,798	3,550	1,212,846
<b>Movements in fair value</b>												
Additions	-	-	360	360	-	5,964	-	-	-	5,964	7,040	13,365
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	39,105	(4,190)	-	34,915	-	26,369	(71)	-	-	26,298	-	61,213
Disposal	-	-	-	-	-	(511)	-	-	-	(511)	-	(511)
Write-off	-	-	-	-	-	(1,066)	-	-	-	(1,066)	(304)	(1,370)
Transfers	-	-	7	7	-	2,215	-	-	-	2,215	(2,049)	172
	<b>39,105</b>	<b>(4,190)</b>	<b>367</b>	<b>35,282</b>	<b>-</b>	<b>32,972</b>	<b>(71)</b>	<b>-</b>	<b>-</b>	<b>32,901</b>	<b>4,687</b>	<b>72,869</b>
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	-	-	-	-	-	(2,853)	(7)	-	-	(2,860)	-	(2,860)
Accumulated depreciation of disposals	-	-	-	-	-	271	-	-	-	271	-	271
Accumulated depreciation of revaluations	-	-	-	-	-	(12,408)	60	-	-	(12,348)	-	(12,348)
Transfers	-	-	-	-	-	(2)	-	-	-	(2)	-	(2)
	-	-	-	-	-	(14,992)	53	-	-	(14,939)	-	(14,939)
At fair value 30 June 2022	857,002	181,231	12,547	1,050,780	-	320,797	657	-	-	321,454	8,237	1,380,470
Accumulated depreciation at 30 June 2022	-	-	-	-	-	(109,103)	(591)	-	-	(109,694)	-	(109,694)
	<b>857,002</b>	<b>181,231</b>	<b>12,547</b>	<b>1,050,780</b>	<b>-</b>	<b>211,694</b>	<b>66</b>	<b>-</b>	<b>-</b>	<b>211,760</b>	<b>8,237</b>	<b>1,270,776</b>

Notes to the Financial Report for the Year Ended 30 June 2022

Note 6 Assets we manage (Cont'd)

6.1 Property, infrastructure, plant and equipment (Cont'd)

(b) Plant and Equipment

	Heritage plant and equipment	Motor Vehicles	Plant, machinery and equipment	Irrigation and sprinkler systems	Street furniture	Parks and gardens furniture and equipment	Playground equipment	Fencing	Mobile garbage bins/recycling crates	Computers and Mobile Phones	Office furniture and equipment	Library books	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 30 June 2021	4,943	7,620	8,211	4,130	18,994	18,348	3,676	2,392	3,143	23,721	12,618	9,938	1,281	119,016
Accumulated depreciation at 30 June 2021	(405)	(4,000)	(6,466)	(2,022)	(13,701)	(8,018)	(1,642)	(2,003)	(2,689)	(19,859)	(10,824)	(7,596)	-	(79,225)
	4,538	3,620	1,745	2,108	5,293	10,330	2,034	389	454	3,862	1,794	2,342	1,281	39,791
<b>Movements in fair value</b>														
Additions	28	931	205	62	690	1,219	-	35	-	574	219	635	2,037	6,634
Disposal	-	(266)	-	-	-	-	-	-	-	-	-	-	-	(266)
Transfers	3	(336)	282	0	210	186	-	-	-	297	-	-	(605)	38
	31	329	487	63	900	1,405	-	35	-	871	219	635	1,432	6,406
<b>Movements in accumulated depreciation</b>														
Depreciation and amortisation	(49)	(980)	(552)	(259)	(540)	(633)	(309)	(55)	(88)	(1,807)	(374)	(757)	-	(6,403)
Accumulated depreciation of disposals	-	266	-	-	-	-	-	-	-	-	-	-	-	266
Transfers	-	30	(28)	-	-	-	-	-	-	-	-	-	-	2
	(49)	(684)	(580)	(259)	(540)	(633)	(309)	(55)	(88)	(1,807)	(374)	(757)	-	(6,134)
At fair value 30 June 2022	4,974	7,949	8,698	4,193	19,894	19,753	3,676	2,427	3,143	24,592	12,837	10,573	2,713	125,422
Accumulated depreciation at 30 June 2022	(454)	(4,684)	(7,046)	(2,281)	(14,241)	(8,651)	(1,951)	(2,058)	(2,777)	(21,666)	(11,198)	(8,353)	-	(85,359)
	4,520	3,265	1,652	1,912	5,653	11,102	1,725	369	366	2,926	1,639	2,220	2,713	40,063

Notes to the Financial Report for the Year Ended 30 June 2022

Note 6 Assets we manage (Cont'd)

6.1 Property, infrastructure, plant and equipment (Cont'd)

(c) Infrastructure

	Roads	Footpaths and cycleways	Drainage	Kerb and channel	Bridges	Lanes	Trees and Tree Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 30 June 2021	440,245	150,914	150,633	146,222	5,358	93,937	7,318	977	995,605
Accumulated depreciation at 30 June 2021	(86,002)	(24,970)	(62,464)	(28,457)	(2,698)	(17,979)	-	-	(222,571)
	354,243	125,944	88,169	117,765	2,660	75,958	7,318	977	773,034
<b>Movements in fair value</b>									
Additions	3,396	2,257	3,580	2,602	-	806	-	996	13,636
Revaluation	(9,411)	3,202	(6,113)	(15,112)	-	13,903	-	-	(13,531)
Write-off	(64)	-	-	-	-	-	-	(197)	(261)
Transfers	-	-	128	-	-	-	-	(339)	(210)
	(6,079)	5,459	(2,405)	(12,510)	-	14,709	-	460	(366)
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	(5,902)	(3,226)	(1,243)	(2,918)	(44)	(1,364)	-	-	(14,697)
Accumulated depreciation of revaluations	28,955	(45,651)	4,676	(14,375)	-	(817)	-	-	(27,212)
	23,053	(48,877)	3,433	(17,293)	(44)	(2,181)	-	-	(41,909)
At fair value 30 June 2022	434,166	156,373	148,228	133,712	5,358	108,646	7,318	1,437	995,239
Accumulated depreciation at 30 June 2022	(62,949)	(73,847)	(59,031)	(45,750)	(2,742)	(20,160)	-	-	(264,480)
	371,217	82,526	89,197	87,962	2,616	88,486	7,318	1,437	730,759

## Notes to the Financial Report for the Year Ended 30 June 2022

### Note 6 Assets we manage (Cont'd)

#### 6.1 Property, infrastructure, plant and equipment (Cont'd)

##### **Acquisition**

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

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

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

	Depreciation Period	Threshold Limit \$'000
<b>Asset recognition thresholds and depreciation periods</b>		
Land & land improvements		
land	Nil	Nil
land improvements	Nil	10
Buildings		
buildings	100 years	10
building leasehold improvements	100 years	10
Plant and Equipment		
heritage plant and equipment	100 years	Nil
plant, machinery and equipment	6 - 10 years	5
furniture, equipment & computers	3 - 14 years	5
library books	6 - 7 years	5
library audio and visual	4 years	Nil
mobile garbage bins/recycling crates	10 years	5
motor vehicles	5 - 10 years	5
Infrastructure		
roads - substructure	120 years	50
roads - seal	20 years	15
footpaths - substructure	75 years	25
footpaths - seal	30 years	15
kerb & channel	50 years	25
drains	120 years	25
bridges	120 years	25
lanes - substructure	120 years	50
lanes- seal	50 years	15
irrigation & sprinkler systems	10 years	5
street furniture	10 - 20 years	5
parks & gardens furniture & equipment	10 - 20 years	5
playground equipment	10 - 20 years	5

##### **Land under roads**

Council recognises land under roads it controls at fair value.

## Notes to the Financial Report for the Year Ended 30 June 2022

### Note 6 Assets we manage (Cont'd)

#### 6.1 Property, infrastructure, plant and equipment (Cont'd)

##### **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.

##### **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.

##### **Leasehold improvements**

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 40 to 100 year period.

##### **Valuation of land and buildings**

Valuations of land and buildings were undertaken by a qualified independent valuer, Westlink Consulting. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Land - Non specialised	-	181,231	-	June 2022
Land - Specialised	-	-	857,002	June 2022
Buildings - Specialised	-	66	211,694	June 2022
Total	-	181,297	1,068,696	

##### **COVID-19 impact on valuations**

The COVID-19 pandemic impact on the fundamental valuation inputs was monitored throughout 2021/22. Land and buildings and infrastructure assets were independently revalued for the financial year ended 30 June 2022. Council believes assets were largely unaffected by the COVID-19 pandemic. Council believes that the valuations as disclosed in these financial statements are a true reflection of fair value as at 30 June 2022.

Notes to the Financial Report for the Year Ended 30 June 2022

Note 6 Assets we manage (Cont'd)

6.1 Property, infrastructure, plant and equipment (Cont'd)

**Valuation of infrastructure**

Valuation of infrastructure assets - Roads, Footpaths, Lanes, Kerb and Channel - was undertaken by the Senior Coordinator Asset Management and Capital Works, BSc. MConstMgt. The valuations are at replacement costs less accumulated depreciation and were first applied as at 30 June 2022.

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Roads	-	-	371,217	June 2022
Bridges	-	-	2,616	June 2018
Footpaths, Lanes and Kerb and Channel	-	-	258,974	June 2022
Drainage	-	-	89,197	June 2022
Trees	-	-	7,318	June 2004
<b>Total</b>	<b>-</b>	<b>-</b>	<b>729,322</b>	

**Description of significant unobservable inputs into level 3 valuations**

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 20% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$3,000 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$300 to \$5,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 20 years to 120 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.

	2022 \$'000	2021 \$'000
<b>Reconciliation of specialised land</b>		
Land under roads	283,787	283,787
Parks and reserves	573,215	534,110
<b>Total specialised land</b>	<b>857,002</b>	<b>817,897</b>



Notes to the Financial Report for the Year Ended 30 June 2022

Note 6 Assets we manage (Cont'd)

	2022	2021
	\$'000	\$'000
<b>6.2 Investments in joint arrangements</b>		
Municipal Association Purchasing Scheme (Procurement Australia)	5	5
<b>Total investments</b>	<u>5</u>	<u>5</u>

Notes to the Financial Report for the Year Ended 30 June 2022

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

*Parent entity*

Yarra City Council is the parent entity.

*Subsidiaries and Associates*

Interests in subsidiaries and associates are detailed in Note 6.2.

(b) Key Management Personnel

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

**Councillors**

Cr Sophie Wade	1 July 2021 – 25 November 2021
Cr Sophie Wade (Mayor)	26 November 2021 – 30 June 2022
Cr Gabrielle de Vietri (Mayor)	1 July 2021 – 25 November 2021
Cr Gabrielle de Vietri	26 November 2021 – 30 June 2022
Cr Edward Crossland	1 July 2021 – 25 November 2021
Cr Edward Crossland (Deputy Mayor)	26 November 2021 – 30 June 2022
Cr Claudia Nguyen (Deputy Mayor)	1 July 2021 – 25 November 2021
Cr Claudia Nguyen	26 November 2021 – 30 June 2022
Cr Amanda Stone	1 July 2021 – 30 June 2022
Cr Anab Mohamad	1 July 2021 – 30 June 2022
Cr Bridgid O'Brien	1 July 2021 – 30 June 2022
Cr Herschel Landes	1 July 2021 – 30 June 2022
Cr Stephen Jolly	1 July 2021 – 30 June 2022

**Chief Executive Officer & other Key Management Personnel**

Chief Executive Officer  
Director Corporate, Business & Finance  
Director City Works & Assets  
Director Community Wellbeing  
Director, Planning & Placemaking  
Group Manager, CEO's Office  
Group Manager, People and Culture  
Group Manager Advocacy and Engagement

	2022	2021
	No.	No.
<b>Total Number of Councillors</b>	9	15
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	8	8
<b>Total Number of Key Management Personnel</b>	17	23

(c) Remuneration of Key Management Personnel

	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	2,448	2,355
Long-term benefits	55	49
Post-employment benefits	194	179
<b>Total</b>	<b>2,697</b>	<b>2,583</b>

Notes to the Financial Report for the Year Ended 30 June 2022

Note 7 People and relationships (Cont'd)

7.1 Council and key management remuneration (Cont'd)

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	2022	2021
	No.	No.
\$1 - \$9,999	-	5
\$10,000 - \$19,999	-	5
\$20,000 - \$29,999	1	4
\$30,000 - \$39,999	5	-
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	1	1
\$80,000 - \$89,999	1	-
\$180,000 - \$189,999	-	1
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	3	1
\$240,000 - \$249,999	-	1
\$250,000 - \$259,999	1	-
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	3	2
\$360,000 - \$369,999	-	1
\$380,000 - \$389,999	1	-
	<u>17</u>	<u>23</u>

Key management personnel (KMP) include the Councillors, the CEO and the Executive Management Team.

(d) Senior Officer Remuneration

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

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

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

Income Range:	2022	2021
	No.	No.
\$151,000 - \$159,999	12	6
\$160,000 - \$169,999	12	13
\$170,000 - \$179,999	8	9
\$180,000 - \$189,999	8	3
\$190,000 - \$199,999	4	3
\$200,000 - \$209,999	1	-
\$220,000 - \$229,999	-	1
	<u>45</u>	<u>35</u>

Total Remuneration for the reporting year for Senior Officers included above, amounted to:	7,967	6,136
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The reported number and remuneration for Senior Officers includes remuneration entitlements paid to officers on leaving Council or acting arrangements. As such, the above table is not an accurate reflection of officers employed by Council at such salary levels on an ongoing basis.

With the total annual remuneration threshold remaining at \$151,000, staff who were below this threshold in prior years are now shown in this note and this contributes to the increase in the number of Senior Officers and the total remuneration reported.

## Notes to the Financial Report for the Year Ended 30 June 2022

### Note 7 People and relationships (Cont'd)

#### 7.2 Related party disclosure

##### (a) Transactions with related parties

A \$1,000 community grant was provided to a community group by Council and paid to a related party during the 2021/22 financial year. The grant application was assessed and acquitted in line with Council's approved grants process.

During the period Council did not enter into any other transactions with related parties.

##### (b) Outstanding balances with related parties

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties.

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

There were no loans in existence at balance date that have been made, guaranteed or secured by the council to a related party.

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

There were no commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party.

## Notes to the Financial Report for the Year Ended 30 June 2022

### 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 the Council are 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.

##### (i) arising from Public Liability

As a local authority Council manages parks, reserves, roads, and other land holdings and, as a result, receive potential claims arising from incidents which occur on land managed by Council. There are a number of outstanding claims against Council in this regard. Council carries \$600 million of public liability insurance and an excess of \$50,000 on this policy in 2021/22. Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is LMI Insurance. There are no claims of which Council is aware which would fall outside the terms of Council's policy.

##### (ii) arising from Professional Indemnity

As a local authority with statutory regulatory responsibilities, including the responsibility of issuing permits and approvals, Council receives potential claims for damages arising from actions of Council or its officers. Council carries \$600 million of professional indemnity insurance and an excess of \$50,000 on this policy in 2021/22. Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is LMI Insurance. There are no instances or claims of which Council is aware which would fall outside the terms of Council's policy.

##### (iii) Superannuation

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

##### *Future superannuation contributions*

In addition to the disclosed contributions, Council has not paid unfunded liability payments to Vision Super during 2021/22. There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022. At this point in time it is not known if additional contributions will be required, the timing or potential amount. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 are \$0.32 million.

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Notes to the Financial Report for the Year Ended 30 June 2022

**Note 8 Managing uncertainties (Cont'd)**

**8.2 Change in accounting standards**

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

**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) bank and Treasury Corporation Victoria borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

**(b) Market risk**

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

**Interest rate risk**

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

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

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

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

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

**(c) Credit risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly some areas of credit risk exist in relation to outstanding fees and fines. To help manage risk associated with fees, Council utilises agreements and where appropriate seeks collateral.

Council invest surplus funds with financial institutions. To help manage risks associated with investments, Council only invests in financial institutions with recognised credit rating as specified in Council's investment policy.

**Note 8 Managing uncertainties (Cont'd)**

**8.3 Financial instruments (Cont'd)**

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. Council recognises a level of risk associated with parking infringement debtors.

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

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

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

**(d) Liquidity risk**

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet, and 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 1.0% and 2.0% in market interest rates (AUD) from year-end rates.

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 2022

### Note 8 Managing uncertainties (Cont'd)

#### 8.4 Fair value measurement

##### *Fair value hierarchy*

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

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

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

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

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

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

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

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

##### *Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

##### *Impairment of assets*

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

#### 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 2022

Note 9 Other matters

9.1 Reserves	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000
<b>2022</b>			
<b>Property</b>			
Land	808,639	34,915	843,554
Buildings	28,892	13,950	42,842
Heritage buildings	2,860	-	2,860
	<u>840,391</u>	<u>48,865</u>	<u>889,256</u>
<b>Infrastructure</b>			
Road Substructure	202,446	27,464	229,910
Road Seal	9,850	(7,920)	1,930
Footpaths Substructure	61,444	(25,491)	35,952
Footpaths Seal	37,259	(16,958)	20,301
Drains	31,063	(1,437)	29,626
Bridges	1,000	-	1,000
Lane Substructure	23,266	(513)	22,754
Lane Seal	45,272	13,599	58,870
Kerb and channel	110,560	(29,487)	81,073
Open space	27	-	27
Trees	13	-	13
Art, Heritage and Culture	44	-	44
	<u>522,244</u>	<u>(40,743)</u>	<u>481,501</u>
<b>Total asset revaluation reserves</b>	<b><u>1,362,635</u></b>	<b><u>8,122</u></b>	<b><u>1,370,757</u></b>
<b>2021</b>			
<b>Property</b>			
Land	716,321	92,318	808,639
Buildings	28,892	-	28,892
Heritage buildings	2,860	-	2,860
	<u>748,073</u>	<u>92,318</u>	<u>840,391</u>
<b>Infrastructure</b>			
Road Substructure	202,446	-	202,446
Road Seal	9,850	-	9,850
Footpaths Substructure	61,444	-	61,444
Footpaths Seal	37,259	-	37,259
Drains	31,063	-	31,063
Bridges	1,000	-	1,000
Lane Substructure	23,266	-	23,266
Lane Seal	45,272	-	45,272
Kerb and channel	110,560	-	110,560
Open space	27	-	27
Trees	13	-	13
Art, Heritage and Culture	44	-	44
	<u>522,244</u>	<u>-</u>	<u>522,244</u>
<b>Total asset revaluation reserves</b>	<b><u>1,270,317</u></b>	<b><u>92,318</u></b>	<b><u>1,362,635</u></b>

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 2022

Note 9 Other matters (Cont'd)

9.1 Reserves (Cont'd)

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>				
<b>2022</b>				
<b>Statutory Reserves</b>				
Public Open Space Reserve (i)	18,871	4,817	(1,095)	22,592
Parking (ii)	79	-	-	79
<b>Total Statutory Reserves</b>	<b>18,950</b>	<b>4,817</b>	<b>(1,095)</b>	<b>22,671</b>
<b>Total Other reserves</b>	<b>18,950</b>	<b>4,817</b>	<b>(1,095)</b>	<b>22,671</b>
<b>2021</b>				
<b>Statutory Reserves</b>				
Public Open Space Reserve (i)	14,766	4,239	(134)	18,871
Parking (ii)	79	-	-	79
<b>Total Statutory Reserves</b>	<b>14,845</b>	<b>4,239</b>	<b>(134)</b>	<b>18,950</b>
<b>Total Other reserves</b>	<b>14,845</b>	<b>4,239</b>	<b>(134)</b>	<b>18,950</b>

(i) Public Open Space Reserve to contributions received as Public Open Space Levies pursuant to the provisions of Section 18 of the *Subdivision Act 1988*. The reserve will be used to fund eligible open space capital works projects. In 2021/22 the following projects and amounts were acquitted from the Public Open Space Reserve:

	<b>\$'000</b>
Stephenson Reserve	333
Citizens Park	254
Gwynne Street	223
Reid Street	137
Cairns Reserve	100
Implement Open Space Strategy	32
Batman Street	8
Alphington Park	8
<b>Total</b>	<b>1,095</b>

(ii) Parking reserve relates to contributions received in lieu of the provision of parking spaces required for property developments. This reserve will be used in the provision of additional car parking spaces as required.

## Notes to the Financial Report for the Year Ended 30 June 2022

### Note 9 Other matters (Cont'd)

	2022	2021
	\$'000	\$'000
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	1,113	(10,126)
Depreciation	23,960	23,044
Amortisation	1,263	1,160
Finance costs	1,310	2,042
(Profit)/Loss on disposal of non-current assets (refer to Note 3.6)	1,068	(2,994)
Write-offs of property, plant & equipment	-	31
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(4,593)	2,637
(Increase)/decrease in other assets	135	(307)
Increase/(decrease) in trade and other payables	245	2,981
Increase/(decrease) in trust funds	3,505	(136)
Increase/(decrease) in other liabilities	9	3
(Increase)/decrease in inventories	(85)	70
Increase in provisions	395	2,787
Net cash provided by operating activities	<b>28,325</b>	<b>21,191</b>

### 9.3 Superannuation

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.

#### **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 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Operating Statement when they are made or due.

#### **Defined Benefit**

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Yarra City 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 2022

Note 9 Other matters (Cont'd)

9.3 Superannuation (Cont'd)

**Funding arrangements**

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

As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.8%. The financial assumptions used to calculate the VBI were:

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

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

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

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

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

**Employer contributions**

**(a) Regular contributions**

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

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

**(b) Funding calls**

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

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

Notes to the Financial Report for the Year Ended 30 June 2022

Note 9 Other matters (Cont'd)

9.3 Superannuation (Cont'd)

*The 2021 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 2021 and the last full investigation was conducted as at 30 June 2020.

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

	2021 (Interim) \$m	2020 (Triennial) \$m
- A VBI Surplus	214.7	100.0
- A total service liability surplus	270.3	200.0
- A discounted accrued benefits surplus	285.2	217.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2021.

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

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

**The 2022 interim actuarial investigation**

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

**Superannuation contributions**

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

Scheme	Type of Scheme	Rate	2022 \$,000	2021 \$,000
Vision super	Defined benefit	10.0% (2021:9.5%)	335	353
Vision super	Accumulation fund	10.0% (2021:9.5%)	3,606	3,378
Australiansuper	Accumulation fund	10.0% (2021:9.5%)	685	574
Hostplus	Accumulation fund	10.0% (2021:9.5%)	599	514
HESTA	Accumulation fund	10.0% (2021:9.5%)	442	373
UniSuper	Accumulation fund	10.0% (2021:9.5%)	273	207
Rest	Accumulation fund	10.0% (2021:9.5%)	247	217
Cbus	Accumulation fund	10.0% (2021:9.5%)	218	169
VicSuper	Accumulation fund	10.0% (2021:9.5%)	218	214
Other	Accumulation fund	10.0% (2021:9.5%)	1,535	1,484

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$330,000.

Council has no unfunded liability payments to Vision Super during both 2021/22 and 2020/21 years.

## Notes to the Financial Report for the Year Ended 30 June 2022

### 10 Change in accounting policy

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

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