

**Greater Shepparton City Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2021

The final statements certified by Council will be to their final form after any changes, recommended or agreed to by the auditor, have been made

Greater Shepparton City Council
Financial Report
Table of Contents

FINANCIAL REPORT	Page
Certification of the Financial Statements	1
Financial Statements	
Comprehensive Income Statement	4
Balance Sheet	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Statement of Capital Works	8
Overview	9
Notes to Financial Statements	
Note 1	
Performance against budget	
1.1. Income and expenditure	11
1.2. Capital works	13
Note 2	15
Analysis of Council results by program	
Note 3	
Funding for the delivery of our services	
3.1. Rates and charges	16
3.2. Statutory fees and fines	16
3.3. User fees	16
3.4. Funding from other levels of government	17
3.5. Contributions	18
3.6. Net loss on disposal of property, infrastructure, plant and equipment	18
3.7. Other income	19
Note 4	
The cost of delivering services	
4.1. Employee costs	20
4.2. Materials and services	20
4.3. Depreciation	20
4.4. Amortisation - Intangible assets	21
4.5. Amortisation - Right of use assets	21
4.6. Bad and doubtful debts	21
4.7. Borrowing costs	21
4.8. Finance Costs - Leases	21
4.9. Other expenses	21
Note 5	
Our financial position	
5.1. Financial assets	22
5.2. Non-financial assets	24
5.3. Payables	24
5.4. Interest-bearing liabilities	25
5.5. Provisions	27
5.6. Financing arrangements	28
5.7. Commitments	29
5.8. Leases	30
Note 6	
Assets we manage	
6.1. Non current assets classified as held for sale	31
6.2. Property, infrastructure plant and equipment	32
6.3. Investments in associates, joint arrangements and subsidiaries	39
Note 7	
People and relationships	
7.1. Council and key management remuneration	40
7.2. Related party disclosure	42
Note 8	
Managing uncertainties	
8.1. Contingent liabilities	44
8.2. Change in accounting standards	44
8.3. Financial instruments	44
8.4. Fair value measurement	46
8.5. Events occurring after balance date	46
Note 9	
Other matters	
9.1. Reserves	47
9.2. Reconciliation of cash flows from operating activities to surplus	48
9.3. Superannuation	48
Note 10	51
Change in accounting policy	

Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.

<Principal Accounting Officer Name & Qualifications>

Principal Accounting Officer

Date : <Date>

<Location>

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

<Councillor 1 Name>

Councillor

Date : <Date>

<Location>

<Councillor 2 Name>

Councillor

Date : <Date>

<Location>

<Chief Executive Officer Name>

Chief Executive Officer

Date : <Date>

<Location>

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**Comprehensive Income Statement
For the Year Ended 30 June 2021**

	Note	2021 \$'000	2020 \$'000
Income			
Rates and charges	3.1	83,323	80,392
Statutory fees and fines	3.2	3,223	3,183
User fees	3.3	16,665	16,800
Grants - operating	3.4	30,465	24,803
Grants - capital	3.4	12,519	16,787
Contributions - monetary	3.5	3,700	3,160
Contributions - non monetary	3.5	5,650	11,655
Share of net profits of associates and joint ventures	6.3	151	54
Other income	3.7	1,228	2,567
Total income		156,924	159,401
Expenses			
Employee costs	4.1	(51,570)	(51,174)
Materials and services	4.2	(50,151)	(50,436)
Depreciation	4.3	(33,235)	(27,274)
Amortisation - intangible assets	4.4	(1,341)	-
Amortisation - right of use assets	4.5	(293)	(370)
Bad and doubtful debts	4.6	(60)	(69)
Net loss on disposal of property, infrastructure, plant and equipment	3.6	(660)	(492)
Borrowing costs	4.7	12,145	(1,946)
Finance costs - leases	4.8	(27)	(38)
Other expenses	4.9	(554)	(581)
Total expenses		(125,746)	(132,380)
Surplus for the year		31,178	27,021
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	9.1	85,758	55,844
Total comprehensive result		116,936	82,865

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

Balance Sheet As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	42,985	34,692
Trade and other receivables	5.1	18,318	14,828
Other financial assets	5.1	8,000	10,000
Inventories	5.2	156	89
Non-current assets classified as held for sale	6.1	63	450
Other assets	5.2	1,579	1,259
Total current assets		71,101	61,318
Non-current assets			
Investments in associates, joint arrangements and subsidiaries	6.3	1,598	1,447
Property, infrastructure, plant and equipment	6.2	1,269,499	1,162,016
Right-of-use assets	5.8	643	934
Intangible assets	5.2	29,179	32,276
Total non-current assets		1,300,919	1,196,673
Total assets		1,372,020	1,257,991
Liabilities			
Current liabilities			
Trade and other payables	5.3	15,478	20,547
Trust funds and deposits	5.3	3,656	2,740
Unearned income	5.3	8,440	1,317
Provisions	5.5	15,232	14,403
Interest-bearing liabilities	5.4	2,662	1,613
Lease liabilities	5.8	244	288
Total current liabilities		45,712	40,908
Non-current liabilities			
Provisions	5.5	24,685	39,426
Interest-bearing liabilities	5.4	21,245	13,973
Lease liabilities	5.8	419	661
Total non-current liabilities		46,349	54,060
Total liabilities		92,061	94,968
Net assets		1,279,959	1,163,023
Equity			
Accumulated surplus		475,471	444,293
Reserves	9.1	804,488	718,730
Total Equity		1,279,959	1,163,023

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

**Statement of Changes in Equity
For the Year Ended 30 June 2021**

2021	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
Balance at beginning of the financial year		1,163,023	444,293	718,730
Surplus for the year		31,178	31,178	-
Net asset revaluation increment	9.1	85,758	-	85,758
Balance at end of the financial year		1,279,959	475,471	804,488

2020		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
Balance at beginning of the financial year		1,080,158	417,272	662,886
Surplus for the year		27,021	27,021	-
Net asset revaluation increment	9.1	55,844	-	55,844
Balance at end of the financial year		1,163,023	444,293	718,730

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 2021

	Note	2021 Inflows/ (Outflows) \$'000	2020 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		81,735	77,955
Statutory fees and fines		2,904	2,738
User fees		16,665	16,800
Grants - operating		30,465	24,803
Grants - capital		12,519	12,287
Contributions - monetary		3,700	3,160
Interest received		157	1,012
Trust funds and deposits taken		917	134
Other receipts		5,459	3,793
Net GST refund/(payment)		1,251	(481)
Employee costs		(51,453)	(48,622)
Materials and services		(55,392)	(42,704)
Net cash provided by operating activities	9.2	48,927	50,875
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(50,759)	(68,607)
Proceeds from sale of property, infrastructure, plant and equipment		1,048	452
Proceeds from sale of investments		2,000	22,000
Net cash used in investing activities		(47,711)	(46,155)
Cash flows from financing activities			
Finance costs		(758)	(892)
Proceeds from borrowings		10,000	-
Repayment of borrowings		(1,851)	(1,485)
Interest paid - lease liability		(27)	(38)
Repayment of lease liabilities		(287)	(355)
Net cash provided by/(used in) financing activities		7,077	(2,770)
Net increase in cash and cash equivalents		8,293	1,950
Cash and cash equivalents at the beginning of the financial year		34,692	32,742
Cash and cash equivalents at the end of the financial year	5.1	42,985	34,692
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.

**Statement of Capital Works
For the Year Ended 30 June 2021**

	Note	2021 \$'000	2020 \$'000
Property			
Land		-	587
Land improvements		73	285
Buildings		18,541	33,008
Total property		18,614	33,880
Plant and equipment			
Plant, machinery and equipment		2,895	2,905
Fixtures, fittings and furniture		265	225
Computers and telecommunications		546	1,552
Total plant and equipment		3,706	4,682
Infrastructure			
Roads		15,691	19,265
Bridges		433	1,054
Footpaths and cycleways		2,241	1,167
Drainage		2,575	1,937
Recreational, leisure and community facilities		4,550	3,204
Waste management		184	762
Parks, open space and streetscapes		1,070	1,979
Aerodromes		963	3
Off street car parks		250	300
Other infrastructure		482	407
Total infrastructure		28,439	30,078
Total capital works expenditure	6.2	50,759	68,640
Represented by:			
New asset expenditure		21,868	34,479
Asset renewal expenditure		21,602	19,481
Asset expansion expenditure		2,425	4,760
Asset upgrade expenditure		4,864	9,920
Total capital works expenditure	6.2	50,759	68,640

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

OVERVIEW

Introduction

The Greater Shepparton City Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate. The Council's main office is located at 90 Welsford Street, Shepparton, Victoria, 3630.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements

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

Significant accounting policies (ctd)

(b) Impact of COVID-19

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, known as coronavirus. A state of disaster was subsequently declared on 2 August 2020.

During the 2020-21 year, a number of COVID-19 lockdowns and various restrictions were in place that impacted Council operations which also had financial implications.

The biggest impact has been the significant revenue reductions in the area of user fees and charges. The closure or restricted operations placed on Council run facilities such as Aquamoves (\$1.43 million) and Riverlinks (\$356,000), has seen a large drop in user fee revenue compared to adopted budget. Additional support packages provided by Council to the community (Stage 1 \$1.5 million, Stage 2 \$2 million) also impacted user fees with various waivers or credits applied to various users of recreational and sporting facilities or foregone revenue relating to areas such as parking fees and penalty interest on outstanding rates.

In contrast, Government grants, such as the State Government's Working for Victoria Program (\$8.87 million) or the Federal Government's Local Roads and Community Infrastructure Program (Phase 1 and 2 \$5.14 million), have increased in response to COVID-19, however, are generally allocated to fund new expenditure in an effort to stimulate the local economy rather than cover existing budgeted commitments.

Outstanding rates and sundry debtor balances have not been materially impacted by COVID-19. The flexibility afforded to debtors in repaying outstanding balances, including no charging of penalty interest, has seen Council debtor balances maintain close to pre-COVID levels.

The impacts on Council's expenditure has been immaterial when compared to adopted budget. Some employee cost savings, due to lower casual employment, were offset by employee costs funded by grant programs such as Working for Victoria. Impacts on Council's material and services expenditure resulting from support packages were largely offset by redirecting existing budget from event cancellations or postponements. Refer to Note 1.1 for income and expense variances to adopted budget.

Non-current asset values have been assessed as not materially impacted by COVID-19 as at 30 June 2021. Formal revaluations were undertaken for Land and Building assets during 2020/21 and have no specific disclosures of significant uncertainty.

COVID-19 related disclosures have been made in the following notes:

Note 4.6 Bad and Doubtful Debts

Note 5.1 (c) Financial Assets – Trade and Other Receivables

Note 5.3 (a) Trade and Other Payables

Note 6.2 Property, Infrastructure, Plant and Equipment – Valuation of Land and Buildings, Valuation of Infrastructure

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of 10 percent and \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure

	Budget 2021 \$'000	Actual 2021 \$'000	Variance 2021 \$'000	Variance 2021 %	Ref
Income					
Rates and charges	82,849	83,323	474	0.6%	
Statutory fees and fines	3,563	3,223	(340)	(9.5%)	
User fees	16,857	16,665	(192)	(1.1%)	
Grants - operating	23,774	30,465	6,691	28.1%	1
Grants - capital	14,446	12,519	(1,927)	(13.3%)	2
Contributions - monetary	2,930	3,700	770	26.3%	3
Contributions - non monetary	5,943	5,650	(293)	(4.9%)	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	630	(660)	(1,290)	(204.8%)	4
Share of net profits of associates and joint ventures	-	151	151	100.0%	5
Other income	1,624	1,228	(396)	(24.4%)	6
Total income	152,616	156,264	3,648	2.4%	
Expenses					
Employee costs	51,067	51,570	(503)	(1.0%)	
Materials and services	61,353	50,151	11,202	18.3%	7
Depreciation	32,844	33,235	(391)	(1.2%)	
Amortisation - Intangible assets	-	1,341	(1,341)	(100.0%)	8
Amortisation - Right of use assets	298	293	5	1.7%	
Bad and doubtful debts	186	60	126	67.7%	9
Borrowing costs	920	(12,145)	13,065	1420.1%	10
Finance costs - Leases	27	27	-	0.0%	
Other expenses	706	554	152	21.5%	11
Total expenses	147,401	125,086	22,315	15.1%	
Surplus/(deficit) for the year	5,215	31,178	(25,963)	(497.9%)	

1.1 Income and expenditure (ctd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Grants - operating	Greater than budget by \$6.69m largely due to the early receipt of half of the 2021/2022 Federal Financial Assistance Grant Funding \$6.99m.
2	Grants - capital	Less than budget by \$1.93m largely due to the accounting treatment of capital grants which were budgeted for but unable to be recognised as income due to AASB15 and AASB1058.
3	Contributions - monetary	More than budget by \$770k largely due to additional developer contributions for estates including Marlboro Drive, Kialla Greens, Maley Court, Sevens Creeks and Mooroopna West Growth Corridor.
4	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Less than budget by \$1.29m largely due to the write off of infrastructure assets.
5	Share of net profits of associates and joint ventures	Share of net profits of Goulburn Valley Regional Library Corporation, not budgeted.
6	Other income	Less than budget by \$396k largely due to reduced interest income on investments due to lower interest rates than forecast.
7	Materials and services	Less than budget by \$11.20m largely due to a reduction in the Working for Victoria program based on final staff numbers (\$7.67m). Also impacted by savings in non-council asset works including Victoria Park Lake intersection, Ford Road/Wanganui Road roundabout landscaping contribution and Stadium/Munarra utilities upgrade, both of which were rebudgeted into 2021/2022. Savings in staff training and fuel also impacted this variance.
8	Amortisation - intangible assets	Variance \$1.34m due to the amortisation of Cosgrove Landfill airspace intangible asset recorded at 30 June 2020 not finalised at the time of adopting the 2021 budget.
9	Bad and doubtful debts	Less than budget by \$126k largely due to lower number of parking infringements issued during 'Free Parking' initiatives and COVID-19 pandemic restrictions.
10	Borrowing costs	Less than budget by \$13.07m due to fair value movements for Cosgrove 3 landfill and employee provisions totalling \$12.9m as a result of a reduction in discount and inflation factors.
11	Other expenses	Less than budget by \$152k largely due to lower internal audit fees and reduced landfill audit services.

1.2 Capital works

	Budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000	Variance %	Ref
Property					
Land improvements	100	73	(27)	(27.0%)	
Buildings	20,038	18,541	(1,497)	(7.5%)	
Total property	20,138	18,614	(1,524)	(7.6%)	
Plant and equipment					
Plant, machinery and equipment	4,617	2,895	(1,722)	(37.3%)	1
Fixtures, fittings and furniture	335	265	(70)	(20.9%)	
Computers and telecommunications	750	546	(204)	(27.2%)	2
Total plant and equipment	5,702	3,706	(1,996)	(35.0%)	
Infrastructure					
Roads	18,170	15,691	(2,479)	(13.6%)	3
Bridges	450	433	(17)	(3.8%)	
Footpaths and cycleways	2,712	2,241	(471)	(17.4%)	4
Drainage	3,921	2,575	(1,346)	(34.3%)	5
Recreational, leisure and community facilities	3,930	4,550	620	15.8%	6
Waste management	3,288	184	(3,104)	(94.4%)	7
Parks, open space and streetscapes	1,036	1,070	34	3.3%	
Aerodromes	592	963	371	62.7%	8
Off street car parks	120	250	130	108.3%	9
Other infrastructure	533	482	(51)	(9.6%)	
Total infrastructure	34,752	28,439	(6,313)	(18.2%)	
Project Management Office	1,125	-	(1,125)	(100.0%)	10
Total capital works expenditure	61,717	50,759	(10,958)	(17.8%)	
Represented by:					
New asset expenditure	22,897	21,868	(1,029)	(4.5%)	
Asset renewal expenditure	26,400	21,602	(4,798)	(18.2%)	
Asset expansion expenditure	10,445	2,425	(8,020)	(76.8%)	
Asset upgrade expenditure	1,975	4,864	2,889	146.3%	
Total capital works expenditure	61,717	50,759	(10,958)	(17.8%)	

1.2 Capital works (ctd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Plant, machinery and equipment	Less than budget by \$1.72m largely due to large plant items not being delivered before 30 June.
2	Computers and telecommunications	Less than budget by \$204k largely due to the customer facing application refresh (\$200k) being deferred.
3	Roads	Less than budget by \$2.48m largely due to projects budgeted for in 2020/2021, now to be completed in 2021/2022, including: <ul style="list-style-type: none"> - Maude Street upgrade - Hayes Street upgrade stage 3 - Knight and Hawdon Street upgrade - Fryers Street and Railway Parade upgrade - Kialla West School Crossing - Katandra Main Road/Labuan Road intersection
4	Footpath and cycleways	Less than budget by \$471k largely due to projects budgeted for in 2020/2021, now to be completed in 2021/2022, including shared path extension route 3 (The Flats) and route 5 (Botanic Gardens bridge).
5	Drainage	Less than budget by \$1.35m largely due to projects budgeted for in 2020/2021, now to be completed in 2021/2022 including: <ul style="list-style-type: none"> - Stadium/Munarra wetland and drainage upgrade - Orchard Circuit retardation basin - localised drainage program
6	Recreational, leisure and community facilities	More than budget by \$620k largely due to Deakin Reserve master plan netball precinct receiving grant funding during the year and included in the Q1 Adopted Forecast.
7	Waste management	Less than budget by \$3.10m largely due to Cosgrove 2 Landfill Cell 4 capping budgeted for in 2020/2021, now to be completed in 2021/2022.
8	Aerodromes	More than budget by \$371k largely due to additional grant funded works for the aerodrome plane parking and concrete helipad project.
9	Off street car parks	More than budget by \$130k largely due to Tom Collins drive landscaping, parking and revegetation works budgeted for in 2019/2020, completed in 2020/2021.
10	Project Management Office	Less than budget by \$1.13m due to Project Management Office costs (incurred solely in the management of Council's capital works) being allocated to the actual capital works at 30 June. This is not known at the time of budget adoption and leads to a variance at year end once the costs are allocated.

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following Directorates.

2 (a) Community

The Community Directorate includes services for Community, Early Years, Active Living, Performing Arts, Shepparton Art Museum, Library and Emergency Management.

Corporate Services

The Corporate Services Directorate includes Finance and Rates, Information and Communication Technology, Communications and Engagement, People and Development and Corporate Governance.

Infrastructure

The Infrastructure Directorate services includes Works and Waste, Projects, Parks, Sport and Recreation and managing Strategic Assets.

Sustainable Development

The Sustainable Development Directorate provides Building, Planning and Compliance, Environment and Economic Development Services.

2 (b) 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
2021					
Community	15,029	(27,076)	(12,047)	11,001	1,603
Corporate Services	89,421	(45,768)	43,653	10,197	71,100
Infrastructure	46,201	(37,253)	8,948	20,420	1,299,295
Sustainable Development	6,273	(15,649)	(9,376)	1,366	22
	156,924	(125,746)	31,178	42,984	1,372,020

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
Community	17,608	(29,174)	(11,566)	11,135	1,475
Corporate Services	92,643	(43,705)	48,938	9,581	61,318
Infrastructure	42,586	(44,107)	(1,520)	20,303	1,195,164
Sustainable Development	6,564	(15,394)	(8,831)	571	34
	159,401	(132,380)	27,021	41,590	1,257,991

Note 3 Funding for the delivery of our services	2021	2020
3.1 Rates and charges	\$'000	\$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its market value, which takes into account the land and all improvements fixed to the land.

The valuation base used to calculate general rates for 2020/21 was \$11.812 billion (2019/20 \$10.972 billion).

General rates	65,508	62,555
Municipal charge	6,040	5,961
Waste management charge	10,318	10,034
Supplementary rates and rate adjustments	1,457	1,659
Interest on rates and charges	-	183
Total rates and charges	83,323	80,392

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation was first applied in the rating year commencing 1 July 2020.

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

Infringements and costs	1,017	1,370
Town planning fees	652	466
Land information certificates	87	69
Permits	1,461	1,274
Other	6	4
Total statutory fees and fines	3,223	3,183

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

3.3 User fees

Aged and health services	377	708
Animal control	66	77
Aquatic facilities	1,270	2,695
Arts and culture	82	208
Child services	1,424	1,411
Development facilities	706	683
Environmental health	15	18
Financial services	119	117
Parking	563	907
Recreation facilities	219	710
Saleyards	1,238	1,489
Tourism	565	711
Waste management services	9,684	6,505
Other fees and charges	337	561
Total user fees	16,665	16,800

User fees by timing of revenue recognition

User fees recognised at a point in time	16,665	16,800
Total user fees	16,665	16,800

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.

3.4 Funding from other levels of government	2021	2020
Grants were received in respect of the following:	\$'000	\$'000
Summary of grants		
Commonwealth funded grants	27,600	31,093
State funded grants	15,384	10,497
Total grants received	42,984	41,590
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	10,131	9,657
Early Years	3,656	3,209
Community Wellbeing	773	2,635
Projects	3,201	3,217
Environmental Health	6	7
Recurrent - State Government		
Community Wellbeing	133	546
Early Years	4,812	4,120
Environmental Health	244	80
Arts and Culture	-	120
Emergency Management	313	120
Economic Development	123	33
Building, Planning and Compliance	79	161
Total recurrent operating grants	23,471	23,905
Non-recurrent - Commonwealth Government		
Early Years	28	5
Parks, Sport and Recreation	432	37
Works and Waste	10	-
Economic Development	174	-
Building, Planning and Compliance	75	-
Non-recurrent - State Government		
Early Years	825	71
Performing Arts and Conventions	125	146
Community Wellbeing	4	54
Director Community	120	48
Active Living	210	60
Environmental	-	45
Finance and Rates	66	65
Economic Development	667	186
Infrastructure	4,122	-
Projects	44	-
Building, Planning and Compliance	-	60
Parks, Sport and Recreation	92	104
Works and Waste	-	17
Total non-recurrent operating grants	6,994	898
Total operating grants	30,465	24,803

3.4 Funding from other levels of government (ctd)	2021	2020
(b) Capital Grants	\$'000	\$'000
Recurrent - Commonwealth Government		
Infrastructure	2,033	2,033
Total recurrent capital grants	2,033	2,033
Non-recurrent - Commonwealth Government		
Infrastructure	581	1,793
Arts and Culture	6,500	8,500
Non-recurrent - State Government		
Arts and Culture	2,000	2,500
Infrastructure	925	1,349
Property	-	365
Plant and equipment	480	240
Recreation and Parks	-	7
Total non-recurrent capital grants	10,486	14,754
Total capital grants	12,519	16,787
(c) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	1,165	156
Received during the financial year and remained unspent at balance date	313	1,026
Received in prior years and spent during the financial year	(192)	(17)
Balance at year end	1,286	1,165
Capital		
Balance at start of year	317	1,841
Received during the financial year and remained unspent at balance date	7,037	176
Received in prior years and spent during the financial year	-	(1,700)
Balance at year end	7,354	317

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement. If the grant agreement does not specify performance obligations, the grant is recognised when it is received.

3.5 Contributions

Monetary	3,700	3,160
Non-monetary	5,650	11,655
Total contributions	9,350	14,815

Contributions of non monetary assets were received in relation to the following asset classes.

Land	55	74
Roads	3,008	6,072
Other infrastructure	2,587	5,509
Total non-monetary contributions	5,650	11,655

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

3.6 Net loss on disposal of property, infrastructure, plant and equipment

Proceeds of sale	1,048	452
Written down value of assets disposed	(1,708)	(944)
Total net loss on disposal of property, infrastructure, plant and equipment	(660)	(492)

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

	2021	2020
	\$'000	\$'000
3.7 Other income		
Interest	120	781
Rent	280	364
Other	828	1,422
Total other income	<u>1,228</u>	<u>2,567</u>

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services	2021	2020
4.1 (a) Employee costs	\$'000	\$'000
Wages and salaries	46,592	45,684
WorkCover	384	888
Superannuation	4,600	4,427
Fringe benefits tax	(6)	175
Total employee costs	51,570	51,174
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	130	129
Employer contributions - other funds	9	9
	139	138
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,730	2,685
Employer contributions - other funds	1,731	1,604
	4,461	4,289
Employer contributions payable at reporting date.	36	126

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

4.2 Materials and services

Utilities	2,610	3,118
Training and development	401	661
Information technology	2,351	1,984
Building maintenance	2,307	2,257
Motor vehicle expenses	1,570	1,636
General maintenance	4,828	4,021
Insurance	1,265	1,015
Waste management	8,676	10,067
Advertising and marketing	1,032	1,341
Consultants	1,720	2,001
EPA Levy	2,194	2,016
Legal fees	911	1,052
Sponsorships and contributions	7,313	4,028
Non-Council asset works	3,956	2,019
Operational supplies and services	9,017	13,220
Total materials and services	50,151	50,436

4.3 Depreciation

Property	2,582	1,994
Plant and equipment	2,173	2,296
Infrastructure	28,480	22,984
Total depreciation	33,235	27,274

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

4.4 Amortisation - Intangible assets	2021 \$'000	2020 \$'000
Cosgrove Landfill Airspace	1,341	-
Total Amortisation - Intangible assets	1,341	-

4.5 Amortisation - Right of use assets		
Property	13	51
Vehicles	257	296
Other	23	23
Total Amortisation - Right of use assets	293	370

4.6 Bad and doubtful debts		
Parking fine debtors	59	60
Other debtors	1	9
Total bad and doubtful debts	60	69

Movement in provisions for doubtful debts

Balance at the beginning of the year	(296)	(285)
New provisions recognised during the year	(60)	(71)
Amounts already provided for and written off as uncollectible	66	60
Balance at end of year	(290)	(296)

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

COVID-19 Disclosure - excluding one-off items, year end sundry debtor balances have not escalated above 2019 and 2020 levels. When using the expected credit loss model, in addition to 'base expectations', Council has also applied to other debts great than 30 days outstanding a factor of between 0.5% to 1% in consideration of potential economic impacts and further restrictions due to COVID-19. For Parking Infringements (tickets issues, penalty reminder notices issues and final notices) a factor of 4.5% has been applied.

4.7 Borrowing costs

Interest - Borrowings	751	885
Fair value movements (Refer Note 5.5)	(12,896)	1,061
Total borrowing costs	(12,145)	1,946

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.

2021 fair value movement gains related to the calculation of Employee and Landfill Rehabilitation provisions. Reductions in discount and indexation figures, in addition to an adjustment to the landfill's useful life, has seen favourable movements. Refer note 5.5.

4.8 Finance Costs - Leases

Interest - Lease liabilities	27	38
Total finance costs	27	38

4.9 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	72	85
Auditors' remuneration - Internal	53	70
Councillors' allowances	302	316
Other Lease expense	127	110
Total other expenses	554	581

Note 5 Our financial position	2021	2020
5.1 Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	10	9
Cash at bank	42,975	20,683
Cash equivalent deposits	-	14,000
Total cash and cash equivalents	42,985	34,692

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

These include:

Funds held on a statutory basis

Cash in lieu of car parks - Developer contributions	1,250	1,208
Civil works developer contributions fund	900	829
Recreational land contributions fund	94	151
Total funds held on a statutory basis	2,244	2,188
Total trust funds and deposits (Note 5.3)	3,656	2,740
Total restricted funds	5,900	4,928
Total unrestricted cash and cash equivalents	37,085	29,764

Intended allocations

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

- cash held to fund carried forward capital works	7,214	9,035
- conditional grants unspent (note 3.4(c))	8,498	1,482
Total funds subject to intended allocations	15,712	10,517

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

(b) Other financial assets

Term deposits - current	8,000	10,000
Total other financial assets	8,000	10,000
Total financial assets (a) + (b)	50,985	44,692

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.

5.1 Financial assets (ctd)

(c) Trade and other receivables	2021	2020
	\$'000	\$'000
Current		
<i>Statutory receivables</i>		
Rates debtors	6,692	5,102
Infringement debtors	2,045	1,785
Provision for doubtful debts - infringements	(278)	(277)
Net GST receivable	979	2,230
<i>Non-statutory receivables</i>		
Other debtors	8,892	6,007
Provision for doubtful debts - other debtors	(12)	(19)
Total current trade and other receivables	18,318	14,828

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

COVID-19 Disclosure - Rates debtors year end balance has increased compared to prior year mainly due to the flexibility Council afforded its ratepayers (no penalty interest and no referral of outstanding debts to formal debt collectors) and in line with the budgeted increase in total rates and charges. Council has a high level of assurance on future collectability of these balances. The 30 June 2021 ending balance for Other Debtors is influenced by \$1.5 million grant funding from the Federal Government for the construction of the New Shepparton Art Museum building, \$1.284 million grant funding from the State Government for the Working for Victoria Program (paid post 30 June 2021) and \$528,000 grant funding from the State Government for the Shepparton free WIFI project (paid post 30 June 2021). Council will continue to monitor sundry debtors and report monthly on outstanding balances.

(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)	4,826	5,429
Past due by up to 30 days	572	335
Past due between 31 and 180 days	1,507	72
Past due between 181 and 365 days	1,646	122
Past due by more than 1 year	341	49
Total trade and other receivables	8,892	6,007

Ageing of individually impaired Receivables

At balance date, other debtors including sundry debtors with a nominal value of \$8,891,854 (2020: \$6,006,513). In determining the value of the provision for doubtful debts required, and expected credit loss model was used, incorporating a combination of historical trends, knowledge of individual issues and forward-looking expected losses. The amount of the provision raised against these debtors was \$11,789, (2020: \$18,675). Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	3
Past due by up to 30 days	1	2
Past due between 31 and 60 days	3	1
Past due between 61 and 90 days	4	7
Past due by more than 91 days	4	6
Total trade and other receivables	12	19

5.2 Non-financial assets	2021	2020
(a) Inventories	\$'000	\$'000
Inventories held for distribution	156	89
Total inventories	156	89

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

(b) Other assets

Prepayments	1,565	1,088
Accrued income	14	171
Total other assets	1,579	1,259

(c) Intangible assets

Landfill air space	29,051	32,276
Water right shares	128	-
Total intangible assets	29,179	32,276

	Water right shares \$'000	Landfill air space \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2020	-	32,276	32,276
Additions/(Reductions) for period	128	(1,884)	(1,756)
Balance at 1 July 2021	128	30,392	30,520
Accumulated amortisation and impairment			
Balance at 1 July 2020	-	-	-
Amortisation expense	-	1,341	1,341
Balance at 1 July 2021	-	1,341	1,341
Net book value at 30 June 2020	-	32,276	32,276
Net book value at 30 June 2021	128	29,051	29,179

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

5.3 Payables	2021	2020
(a) Trade and other payables	\$'000	\$'000
Trade payables	4,452	2,907
Prepaid income	24	44
Accrued expenses	9,259	15,714
Other payables	1,743	1,882
Total trade and other payables	15,478	20,547

5.3 Payables (ctd)**(a) Trade and other payables (ctd)**

2021 trade payables includes \$1.316 million payable to the State Revenue Office for the fourth quarter remittance of collected Fire Services Property Levy. Paid post 30 June 2021.

COVID-19 Disclosure - creditor balances are assessed as not having been materially impacted by COVID-19. With the majority of Council suppliers being local, small to medium enterprises, a concerted effort continues to be made to pay suppliers earlier than the standard 30 day payment terms.

(b) Trust funds and deposits	2021	2020
	\$'000	\$'000
Refundable deposits	2,506	1,888
Fire services levy	493	391
Retention amounts	657	461
Total trust funds and deposits	3,656	2,740
(c) Unearned income		
Grants received in advance - operating	1,086	1,000
Grants received in advance - capital	7,354	317
Total unearned income	8,440	1,317

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

Purpose and nature of items

Fire Service Levy - Council is the collection agent for 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**Current**

Borrowings - secured	2,662	1,613
	2,662	1,613

Non-current

Borrowings - secured	21,245	13,973
	21,245	13,973
Total	23,907	15,586

Borrowings are secured by general rates as per the *Local Government Act 1989* Section 148 (1)(a)

5.4 Interest-bearing liabilities (ctd)

(a) The maturity profile for Council's borrowings is:	2021	2020
	\$'000	\$'000
Not later than one year	2,662	1,613
Later than one year and not later than five years	11,578	7,134
Later than five years	9,667	6,839
	23,907	15,586

Prior Period Adjustment

2020 maturity profile for Council's borrowings have been restated, to correct the allocated split between 'Later than one year and not later than five years' and 'Later than five years' categories. 2020 total borrowings remains unchanged.

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

5.5 Provisions

	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
2021			
Balance at beginning of the financial year	12,343	41,486	53,829
Additions/(Reductions) to provisions	3,917	(2,056)	1,861
Amounts used	(2,815)	(62)	(2,877)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(214)	(12,682)	(12,896)
Balance at the end of the financial year	13,231	26,686	39,917
2020			
Balance at beginning of the financial year	11,123	7,211	18,334
Additions to provisions	4,028	33,403	37,431
Amounts used	(2,941)	(55)	(2,996)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	133	927	1,060
Balance at the end of the financial year	12,343	41,486	53,829
(a) Employee provisions		2021	2020
Current provisions expected to be wholly settled within 12 months		\$'000	\$'000
Annual leave		3,521	3,183
Long service leave		1,085	1,106
		4,606	4,289
Current provisions expected to be wholly settled after 12 months			
Annual leave		1,469	1,071
Long service leave		5,694	5,529
		7,163	6,600
Total current employee provisions		11,769	10,889
Non-current			
Long service leave		1,462	1,454
Total non-current employee provisions		1,462	1,454
Aggregate carrying amount of employee provisions:			
Current		11,769	10,889
Non-current		1,462	1,454
Total aggregate carrying amount of employee provisions		13,231	12,343

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

Annual leave

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

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

Key assumptions:

- discount rate	1.491%	0.872%
- index rate	1.800%	1.500%

5.5 Provisions (ctd)	2021	2020
(b) Landfill restoration	\$'000	\$'000
Current	3,463	3,514
Non-current	23,223	37,972
Total landfill restoration	26,686	41,486

Council is obligated to restore the Cosgrove landfill site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. In 2021, in response to actual rates of landfill and remaining capacity, the useful life of the Cosgrove 3 Landfill was adjusted from 60 plus 30 years to 45 plus 30 years. Refer note 4.7. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

- discount rate	-0.02% - 2.12%	0.24% - 1.72%
- index rate	1.10%	2.20%
- estimated cost to rehabilitate	33,771	34,179

Discount rate was obtained from Reserve Bank of Australia (Indicative mid rates of Australian Government Securities) and indexation rate was obtained from the Australian Bureau of Statistics (Consumer Price Index).

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2021.

Bank guarantees	200	200
Credit card facilities	100	100
Interest bearing loans	25,907	17,586
Total facilities	26,207	17,886
<i>Used facilities</i>		
Bank guarantees	30	30
Credit card facilities	17	16
Interest bearing loans	23,907	15,586
Total used facilities	23,954	15,632
Unused facilities	2,253	2,254

5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2021	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Kerbside collection and disposal	6,541	6,672	2,266	-	15,479
Open space management	341	370	-	-	711
Operational supplies and services	4,999	3,848	5,678	-	14,525
Home care services	-	-	-	-	-
Cleaning contracts for council buildings	510	510	510	-	1,530
Total	12,391	11,400	8,454	-	32,245
Capital					
Buildings	1,811	-	-	-	1,811
Waste	47	-	-	-	47
Other	1,865	-	-	-	1,865
Total	3,723	-	-	-	3,723
2020					
	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Kerbside collection and disposal	6,205	6,329	6,456	-	18,990
Open space management	281	290	430	-	1,001
Operational supplies and services	2,831	1,915	1,857	290	6,893
Home care services	250	-	-	-	250
Cleaning contracts for council buildings	489	-	-	-	489
Total	10,056	8,534	8,743	290	27,623
Capital					
Buildings	16,555	-	-	-	16,555
Waste	125	-	-	-	125
Other	4,490	-	-	-	4,490
Total	21,170	-	-	-	21,170

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.

Council has elected to apply the temporary option available under AASB 16 Leases which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Right-of-Use Assets	Property \$'000	Vehicles \$'000	Other \$'000	Total \$'000
Balance at 1 July 2019	85	432	51	568
Additions	-	736	-	736
Amortisation charge	(51)	(296)	(23)	(370)
Balance at 30 June 2020	34	872	28	934

Balance at 1 July 2020	34	872	28	934
Additions	-	2	-	2
Amortisation charge	(13)	(257)	(23)	(293)
Balance at 30 June 2021	21	617	5	643

Lease Liabilities	2021 \$'000	2020 \$'000
Maturity analysis - contractual undiscounted cash flows	-	-
Less than one year	262	314
One to five years	440	702
Total undiscounted lease liabilities as at 30 June:	702	1,016

2020 maturity analysis of contractual undiscounted cash flows has been restated to align with 2021 representation of maturity analysis.

Lease liabilities included in the Balance Sheet at 30 June 2021:

Current	244	288
Non-current	419	661
Total lease liabilities	663	949

5.8 Leases (ctd)

Short-term and low value leases

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

	2021	2020
	\$'000	\$'000
Expenses relating to:		
Short-term leases	34	27
Leases of low value assets	93	84
Total	127	111
Variable lease payments (not included in measurement of lease liabilities)	-	-

Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:

Within one year	94	119
Later than one year but not later than five years	231	338
Total lease commitments	325	457

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

Cost of acquisition	52	450
Revaluation	11	-
Total non current assets classified as held for sale	63	450

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

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2020	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers from WIP	Transfers	At Fair Value 30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	79,803	-	55	36,801	(375)	(63)	-	954	425	117,600
Buildings	77,414	12,435	-	15,929	(2,207)	(164)	-	37,430	-	140,837
Plant and equipment	29,399	2,514	-	70	(2,173)	(401)	-	3,298	(425)	32,282
Infrastructure	914,656	16,443	5,467	32,947	(28,480)	(1,080)	-	11,292	398	951,643
Work in progress	60,744	19,367	-	-	-	-	-	(52,974)	-	27,137
	1,162,016	50,759	5,522	85,747	(33,235)	(1,708)	-	-	398	1,269,499

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	40,218	6,880	-	(38,585)	8,513
Plant and equipment	4,410	707	-	(3,338)	1,779
Infrastructure	16,116	11,780	-	(11,051)	16,845
Total	60,744	19,367	-	(52,974)	27,137

6.2 Property, infrastructure, plant and equipment (ctd)

(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	26,587	45,980	8,259	80,826	29,983	97,003	126,986	40,218	248,030
Accumulated depreciation at 1 July 2020	-	-	(1,023)	(1,023)	(11,980)	(37,592)	(49,572)	-	(50,595)
	26,587	45,980	7,236	79,803	18,003	59,411	77,414	40,218	197,435
Movements in fair value									
Additions	-	-	-	-	15	12,420	12,435	6,880	19,315
Additions - WIP	-	552	402	954	13	37,417	37,430	(38,585)	(201)
Contributions	48	-	7	55	-	-	-	-	55
Revaluation	13,058	16,660	7,175	36,893	2,406	7,166	9,572	-	46,465
Disposal	-	-	(88)	(88)	(6)	(324)	(330)	-	(418)
Transfers	-	-	425	425	-	-	-	-	425
	13,106	17,212	7,921	38,239	2,428	56,679	59,107	(31,705)	65,641
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	(375)	(375)	(610)	(1,597)	(2,207)	-	(2,582)
Accumulated depreciation of disposals	-	-	25	25	3	163	166	-	191
Revaluation	-	-	(92)	(92)	1,433	4,924	6,357	-	6,265
	-	-	(442)	(442)	826	3,490	4,316	-	3,874
At fair value 30 June 2021	39,693	63,192	16,180	119,065	32,411	153,682	186,093	8,513	313,671
Accumulated depreciation at 30 June 2021	-	-	(1,465)	(1,465)	(11,154)	(34,102)	(45,256)	-	(46,721)
	39,693	63,192	14,715	117,600	21,257	119,580	140,837	8,513	266,950

6.2 Property, infrastructure, plant and equipment (ctd)

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	16,168	22,414	2,023	4,410	45,015
Accumulated depreciation at 1 July 2020	(8,360)	(2,182)	(664)	-	(11,206)
	7,808	20,232	1,359	4,410	33,809
Movements in fair value					
Additions	2,507	-	7	707	3,221
Additions - WIP	1,527	67	1,704	(3,338)	(40)
Revaluation	-	70	-	-	70
Disposal	(2,244)	(30)	(2)	-	(2,276)
Transfers	-	(425)	-	-	(425)
	1,790	(318)	1,709	(2,631)	550
Movements in accumulated depreciation					
Depreciation and amortisation	(1,721)	(43)	(409)	-	(2,173)
Accumulated depreciation of disposals	1,845	30	-	-	1,875
	124	(13)	(409)	-	(298)
At fair value 30 June 2021	17,958	22,096	3,732	1,779	45,565
Accumulated depreciation at 30 June 2021	(8,236)	(2,195)	(1,073)	-	(11,504)
	9,722	19,901	2,659	1,779	34,061

6.2 Property, infrastructure, plant and equipment (ctd)

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	760,125	21,786	84,615	181,989	153,084	32,590	54,699	8,332	12,573	14,184	16,116	1,340,093
Accumulated depreciation at 1 July 2020	(231,964)	(7,895)	(25,351)	(62,869)	(62,076)	(3,905)	(7,487)	(345)	(1,184)	(6,245)	-	(409,321)
	528,161	13,891	59,264	119,120	91,008	28,685	47,212	7,987	11,389	7,939	16,116	930,772
Movements in fair value												
Additions	12,499	-	946	260	2,342	-	192	-	118	86	11,780	28,223
Additions - WIP	3,657	-	1,227	1,283	3,267	963	449	-	142	304	(11,051)	241
Contributions	3,008	-	919	1,527	-	-	4	-	-	9	-	5,467
Revaluation	-	-	(445)	583	11,189	680	6,005	2,201	853	-	-	21,066
Disposal	(177)	-	(125)	(836)	(190)	-	(158)	-	(35)	(339)	-	(1,860)
Transfers	-	-	14	398	(14)	-	-	-	-	-	-	398
	18,987	-	2,536	3,215	16,594	1,643	6,492	2,201	1,078	60	729	53,535
Movements in accumulated depreciation												
Depreciation and amortisation	(19,683)	(237)	(1,340)	(2,003)	(3,220)	(857)	(646)	(35)	(59)	(400)	-	(28,480)
Accumulated depreciation of disposals	57	-	49	315	103	-	80	-	12	164	-	780
Revaluation	-	-	999	-	11,226	(35)	348	(662)	5	-	-	11,881
	(19,626)	(237)	(292)	(1,688)	8,109	(892)	(218)	(697)	(42)	(236)	-	(15,819)
At fair value 30 June 2021	779,112	21,786	87,151	185,204	169,678	34,233	61,191	10,533	13,651	14,244	16,845	1,393,628
Accumulated depreciation at 30 June 2021	(251,590)	(8,132)	(25,643)	(64,557)	(53,967)	(4,797)	(7,705)	(1,042)	(1,226)	(6,481)	-	(425,140)
	527,522	13,654	61,508	120,647	115,711	29,436	53,486	9,491	12,425	7,763	16,845	968,488

6.2 Property, infrastructure, plant and equipment (ctd)*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 (\$)
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	1
land improvements	15 - 60 years	10,000
land under roads	-	1
Buildings		
buildings	10 - 100 years	5,000
Heritage assets		
heritage assets	10 - 100 years	5,000
Plant and Equipment		
plant, machinery and equipment	2 - 10 years	500
furniture, equipment and computers	2 - 13 years	1,500
art collection and civic regalia	-	3,000
Roads		
roads - surface and seal	12 - 60 years	20,000
spray seal	-	500m2
asphalt	-	150m2
concrete	-	55m2
road pavement	53 - 60 years	290m2
roads - kerb, channel and minor culverts	60 - 90 years	1
Bridges and major culverts	40 - 100 years	1
Footpaths and cycleways		
footpaths	15 - 70 years	1
bike paths	15 - 60 years	1
Drainage	50 - 90 years	1
Other infrastructure		
naturestrip trees	50 years	1
regulatory signs	7 - 35 years	1
street furniture	5 - 50 years	1

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

Depreciation periods used are listed above and are consistent with the prior year except for footpaths and bike paths which were both 10 - 70 years in 2020.

Repairs and maintenance

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

6.2 Property, infrastructure, plant and equipment (ctd)**Valuation of land and buildings**

Valuation of land and buildings were undertaken by a qualified independent valuer LG Valuations (Principal Marcus Hann, Valuer No. 62901). 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.

A full revaluation of these assets was conducted during 2020/21.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2021 are as follows:

	\$'000	\$'000	\$'000	
	Level 1	Level 2	Level 3	Date of Valuation
Land	-	63,192	-	April 2021
Specialised land	-	-	39,692	April 2021
Land Improvements	-	-	14,715	April 2021
Heritage Buildings	-	-	21,257	April 2021
Buildings	-	-	119,580	April 2021
Total	-	63,192	195,244	

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an internal valuation undertaken by Team Leader Strategic Assets (Associate Diploma Civil Engineering, Bachelor Technology Civil Engineering).

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2021 are as follows:

	\$'000	\$'000	\$'000	
	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	527,522	March 2021
Bridges	-	-	13,654	June 2018
Footpaths and cycleways	-	-	61,508	March 2021
Drainage	-	-	120,646	March 2021
Recreational, leisure and community facilities	-	-	115,711	March 2021
Waste management	-	-	29,437	March 2021
Parks, open space and streetscapes	-	-	53,486	March 2021
Aerodromes	-	-	9,491	March 2021
Off street car parks	-	-	12,425	March 2021
Other infrastructure	-	-	7,763	March 2021
Total	-	-	951,643	

COVID-19 Disclosure - non-current asset values are not expected to be materially impacted as at 30 June 2021. Formal revaluations were undertaken by independent, appropriately qualified valuers on Land and Building assets during 2020/21 with no specific disclosures of significant uncertainty. Infrastructure assets (Roads, Footpaths, Drains) were informally reviewed against unit rates from Developer gifted assets and remains largely immune to the impacts of COVID-19. Infrastructure asset values are not considered to be impaired due to COVID-19.

6.2 Property, infrastructure, plant and equipment (ctd)**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 50% 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 \$0.03 and \$889.01 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 are calculated on a square metre basis and ranges from \$175 to \$18,030 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of 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 2 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2021	2020
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	39,692	26,587
Total specialised land	39,692	26,587

6.3 Investments in associates, joint arrangements and subsidiaries	2021	2020
	\$'000	\$'000
(a) Investments in associates		
- Goulburn Valley Regional Library Corporation (GVRLC)	1,598	1,447
Fair value of Council's investment in Goulburn Valley Regional Library Corporation (GVRLC)	1,598	1,447

Goulburn Valley Regional Library Corporation (GVRLC)

Background

The Goulburn Valley Regional Library Corporation is an entity which has been established to serve three northern Victorian councils; the Greater Shepparton City Council, Moira Shire Council and Strathbogie Shire Council. Each Council has two committee representatives on the Board of Directors.

Each Member council contributes financial to the operation of the Corporation based on the ratio of their population base. Contribution payments are considered a 'fee for service' on a commercial basis and are relative to the services the Corporation provides. The amount of financial contributions does not bring with it any additional voting rights or influence on the library activities and therefore no greater power or control.

Council's share of accumulated surplus/(deficit)

Council's share of accumulated deficit at start of year	(333)	(387)
Reported surplus for year	151	54
Council's share of accumulated deficit at end of year	(182)	(333)

Council's share of reserves

Council's share of reserves at start of year	1,780	1,780
Council's share of reserves at end of year	1,780	1,780

Movement in carrying value of specific investment

Carrying value of investment at start of year	1,447	1,393
Share of surplus for year	151	54
Carrying value of investment at end of year	1,598	1,447

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Greater Shepparton City Council is the parent entity.

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in Note 6.3.

(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	Councillor Seema Abdullah (Mayor - Jul to Oct)		
	Councillor Kim O'Keeffe (Mayor - Nov to Jun)		
	Councillor Fern Summer		
	Councillor Dinny Adem (retired Oct)		
	Councillor Bruce Giovanetti (retired Oct)		
	Councillor Chris Hazelman (retired Oct)		
	Councillor Les Oroszvary (retired Oct)		
	Councillor Dennis Patterson (retired Oct)		
	Councillor Shelley Sutton (retired Oct)		
	Councillor Sam Spinks (from Nov)		
	Councillor Shane Sali (from Nov)		
	Councillor Anthony Brophy (from Nov)		
	Councillor Geoffrey Dobson (from Nov)		
	Councillor Greg James (from Nov)		
	Councillor Robert Priestly (from Nov)		
Executive Management	Chief Executive Officer		
	Director - Community		
	Director - Corporate Services		
	Director - Infrastructure		
	Director - Sustainable Development		
		2021	2020
		No.	No.
Total Number of Councillors		15	9
Total of Chief Executive Officer and other Key Management Personnel		5	5
Total Number of Key Management Personnel		<u>20</u>	<u>14</u>

7.1 Council and key management remuneration (ctd)

(c) Remuneration of Key Management Personnel

	2021	2020
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,473	1,404
Long-term benefits	(4)	20
Post employment benefits	138	135
Total	1,607	1,559

Long-term benefits decreased in 2021 due to amounts of Long Service Leave and Annual Leave taken by KMP during the year (more was taken than accrued)

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

	2021	2020
	No.	No.
\$0 - \$9,999	6	-
\$10,000 - \$19,999	6	-
\$20,000 - \$29,999	1	7
\$40,000 - \$49,999	1	1
\$60,000 - \$69,999	1	1
\$170,000 - \$179,999	1	-
\$220,000 - \$229,999	-	2
\$230,000 - \$239,999	1	2
\$250,000 - \$259,999	1	-
\$260,000 - \$269,999	1	-
\$330,000 - \$339,999	-	1
\$380,000 - \$389,999	1	-
	20	14

(d) Senior Officer Remuneration

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

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

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

	2021	2020
	No.	No.
Income Range:		
\$151,000 - \$159,999	1	2
\$160,000 - \$169,999	4	4
\$170,000 - \$179,999	2	-
\$180,000 - \$189,999	1	1
\$200,000 - \$209,999	2	-
	10	7

	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	1,800	1,153

7.2 Related party disclosure	2021	2020
(a) Transactions with related parties	\$'000	\$'000

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

<i>Payments to Goulburn Valley Regional Library Corporation</i>	1,689	1,660
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Annual fees paid for the provision of library services to the Council. Library services were provided to Shepparton, Mooroopna and Tatura townships, whilst a mobile library serviced nine additional towns within the municipality of the Greater Shepparton City Council.

<i>Payments to Goulburn Valley Regional Library Corporation</i>	168	67
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Annual fees received for the provision of financial and human resource services, being accounts payable, accounts receivable, asset management, treasury, financial reporting and payroll services.

During the period Council entered into the following other related party transactions

1,2,3,4,5 Payments to entities controlled by key management personnel	3,028	504
Payments to entities influenced by key management personnel	-	2
6,8,9,10,12,13 Receipts from entities controlled by key management personnel	312	279
7,11,14 Receipts from entities influenced by key management personnel	43	-

- 1 Payment of \$13,200 to GM Community Leadership Program for course fees (Cr Hazelman has an interest).
- 2 Payment of \$2,264,319 to Shepparton Art Museum (SAM) Ltd for funding under agreement and transfer of employee entitlements (CEO and Director Corporate Services have interest).
- 3 The Council made payments to publicly listed companies Woolworths \$18,420 and Telstra \$660,574 for goods and services. The CEO holds shares in these companies.
- 4 Payment of \$57,808 to Goulburn Valley Waste and Resource Recovery Group (Cr Abdullah and Cr James have interests).
- 5 Payment of \$13,294.68 to Gouge Linen Services (Cr Priestly has interest).
- 6 Receipt of \$50.00 from Shepparton Harness Racing Club (Cr Hazelman as an interest).
- 7 Receipt of \$56.53 from Tallygaroopna Recreation Reserve Committee of Management for Community Liability Premiums (Cr Hazelman has interest).
- 8 Receipt of \$1,244.82 from AFL Goulburn Murray for utility and rental invoices (Director Sustainable Development has an interest).
- 9 Receipts from SAM Ltd totalling \$236,756, including \$200,000 as contribution for new building, \$32,836 in salary related recoveries, \$604 in advertising and marketing expenses and \$3,216 in lease expenses (CEO and Director Corporate Services have interests).
- 10 Receipt of \$50,665 from Goulburn Valley Waste and Resource Recovery Group (Cr Abdullah and Cr James have interests).
- 11 Receipt of \$42,692 from Goulburn Valley Grammar School (Cr Priestly has interest).
- 12 Receipt of \$22,753.30 for Telstra lease of a portion of the Mooroopna Recreation Reserve (CEO has interest).
- 13 Receipt of \$973.80 from Wilmot Rd Primary School (CEO has interest).
- 14 Receipt of \$90.00 from Nathan Sali (Cr Sali has interest).

7.2 Related party disclosure (ctd)	2021	2020
	\$'000	\$'000

(b) Outstanding balances with related parties

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

1,2 Outstanding payments to entities controlled by key management personnel	3	127
3,4,5 Outstanding receipts from entities controlled by key management personnel	39	1

- 1 The Council made payments to publicly listed company Telstra \$660,574 for goods and services and a further \$700 was outstanding as at 30 June 2021. The CEO holds shares in this company.
- 2 Payment of \$13,294.68 to Gouge Linen Services and a further \$2,726.02 was outstanding as at 30 June 2021 (Cr Priestly has interest).
- 3 Receipts from SAM Ltd totalling \$236,756 and a further \$34,838.10 was outstanding as at 30 June 2021 (CEO and Director Corporate Services have interests).
- 4 La Trobe University Advisory Board had an amount outstanding of \$3,590.50 as at 30 June 2021 (Director Sustainable Development has an interest).
- 5 Cr Dinny Adem has an amount outstanding of \$530.00 as at 30 June 2021.

(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

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

1. Provision of flu vaccinations to Goulburn Valley Regional Library Corporation (GVRLC) staff by Greater Shepparton City Council (GSCC).
2. MOU for the provision of administrative services and payment of Admin fees between GSCC and GVRLC.
3. GSCC is committed to paying the annual contributions to GVRLC.
4. GSCC is committed to paying the annual contribution to Shepparton Art Museum (SAM) limited.

Note 8 Managing uncertainties

8.1 Contingent Liabilities

Superannuation

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

Liability Mutual Insurance

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

8.2 Change in accounting standards

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

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

8.3 Financial instruments (ctd)**(c) Credit risk**

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

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to any financial guarantees disclosed in Note 8.1, 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 + 0.00% and -0.25% in market interest rates (AUD) from year-end rates of 0.85%.

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

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 3 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

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

In response Council was required to close a number of facilities such as Aquamoves, Sports Stadiums and Riverlinks, whilst services such as Early Learning Education experienced greatly reduced capacity and reverted some of its operations (such as customer service) back to remote or non-contact. No adjustments to balances are required as at 30 June 2021. The 2021/2022 Adopted Budget (adopted 15 June 2021) assumed a continuation of conditions as at April 2021 through the 2021/2022 financial year. The lockdowns experienced far in 2021/2022 are expected to have an impact on budgeted user fees income in the areas of Aquamoves, Sports Stadiums, Riverlinks and Early Childhood Education. Impacts of any COVID-19 related events in 2021/2022 will be reported at future Quarterly Forecast Reviews.

Note 9 Other matters

9.1 Reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves			
2021			
Property			
Land - specialised	-	13,057	13,057
Land - non specialised	5,905	16,661	22,566
Land and land improvements	5,657	7,083	12,740
Buildings - Heritage	1,390	3,838	5,228
Buildings	7,205	12,091	19,296
	20,157	52,730	72,887
Plant and Equipment			
Artwork and regalia	14,165	70	14,235
	14,165	70	14,235
Infrastructure			
Roads	459,454	-	459,454
Bridges	19,042	-	19,042
Footpaths and cycleways	56,995	554	57,549
Drainage	61,722	594	62,316
Recreational, leisure and community facilities	52,531	22,415	74,946
Waste management	465	645	1,110
Parks, open space and streetscapes	22,356	6,353	28,709
Aerodromes	2,271	1,540	3,811
Off-street car parks	7,408	857	8,265
Other infrastructure	2,164	-	2,164
	684,408	32,958	717,366
Total asset revaluation reserves	718,730	85,758	804,488
2020			
Property			
Land - specialised	5,905	-	5,905
Land - non-specialised	5,657	-	5,657
Land and land improvements	1,390	-	1,390
Buildings	7,205	-	7,205
	20,157	-	20,157
Plant and Equipment			
Artwork and regalia	14,165	-	14,165
	14,165	-	14,165
Infrastructure			
Roads	409,837	49,617	459,454
Bridges	19,042	-	19,042
Footpaths and cycleways	52,702	4,293	56,995
Drainage	60,369	1,353	61,722
Recreational, leisure and community facilities	51,967	564	52,531
Waste management	394	71	465
Parks, open space and streetscapes	21,887	469	22,356
Aerodromes	2,271	-	2,271
Off-street car parks	7,247	161	7,408
Other infrastructure	2,848	(684)	2,164
	628,564	55,844	684,408
Total asset revaluation reserves	662,886	55,844	718,730

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

The total movement in the Asset revaluation reserve above (\$85,758k) is made up of \$85,747k in Note 6.2 Property, infrastructure, plant and equipment and \$11k as noted in Note 6.1 Assets held for sale.

9.2 Reconciliation of cash flows from operating activities to surplus	2021 \$'000	2020 \$'000
Surplus for the year	31,178	27,021
Depreciation	33,235	27,644
Amortisation of ROU Assets	293	-
Amortisation of Intangible assets	1,341	-
Loss on disposal of property, infrastructure, plant and equipment	660	492
Finance Costs	27	38
Borrowing Costs	751	885
Assets written off	-	2,001
Bad debts	60	69
Share of net profits of associates and joint ventures	(151)	(54)
Contributions - Non-monetary assets	(5,650)	(11,655)
Fair value adjustments for employee provisions	(214)	1,061
Fair value increases in - Landfill rehabilitation provision	(12,682)	-
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(3,550)	(7,176)
(Increase)/decrease in prepayments and other assets	(320)	45
Increase/(decrease) in trade and other payables	2,060	8,393
Increase/(Decrease) in other liabilities	916	(65)
(Increase)/decrease in inventories	(67)	18
(Increase)/decrease in intangibles	-	(32,276)
Increase/(decrease) in employee provisions	1,102	1,087
Increase/(decrease) in landfill provisions	(62)	33,347
Net cash provided by operating activities	48,927	50,875

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

Accumulation

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

The Superannuation Guarantee (SG) rate will increase to 10% from 1 July 2021 based on the current SG legislation, and eventually to 12% from 1 July 2025.

Defined Benefit

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

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

9.3 Superannuation (ctd)

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.6%
Salary information 2.5% pa for two years and 2.75% pa thereafter
Price inflation (CPI) 2.0% pa.

As at 30 June 2021, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. Vision Super has advised that the estimated VBI at 30 June 2021 was 109.7%.

Net investment returns 4.8% pa
Salary information 2.75% pa
Price inflation (CPI) 2.25%

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2020 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2020 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2021, this rate was 9.5% of members' salaries (9.5% in 2019/2020). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

Funding calls

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

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

9.3 Superannuation (ctd)**The 2020 triennial actuarial investigation surplus amounts**

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

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

	2020 (Triennial)	2019 (Interim)
	\$m	\$m
- A VBI Surplus	100.0	151.3
- A total service liability sur	200.0	233.4
- A discounted accrued be	217.8	256.7

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2020.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2020.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2020.

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

The 2021 interim actuarial investigation

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

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

Superannuation

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2021 are detailed below:

Scheme	Type of Scheme	Rate	2021 \$'000	2020 \$'000
Vision super	Defined benefit	9.50%	130	129
Other than Vision	Defined benefit	9.50%	9	9
Vision super	Accumulation fund	9.50%	2,730	2,685
Other than Vision	Accumulation fund	9.50%	1,731	1,604

There were \$36k contributions outstanding and no loans issued from or to the above schemes as at 30 June 2021.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 is \$172k.

Note 10 Change in accounting policy

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

Council has adopted AASB 1059 Service Concession Arrangements: Grantors, from 1 July 2020. AASB 1059 specifies the accounting treatment for a service concession agreement by a grantor that is a public sector agency from the grantor's perspective.

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

Council has adopted AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material, from 1 July 2020. AASB 2018-7 amended paragraph 1 of AASB101 and paragraph 6 AASB 108 and clarified the definition of Materiality.

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

Council has adopted AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework from 1 July 2020. AASB 2019-1 amends various Account Standards to include additional references to the Conceptual Framework issued in 2019.

These standards did not have any significant impact on Council.

PERFORMANCE STATEMENT

The final statements certified by Council will be to their final form after any changes, recommended or agreed to by the auditor, have been made.

For the year ended 30 June 2021

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 2020).

Description of municipality

Greater Shepparton is a vibrant, diverse community located approximately two hours north of Melbourne in the heart of the Goulburn Valley, the food bowl of Australia.

As a growing regional centre with a vibrant cultural mix of people, the community comprises approximately 66,000 residents living within 60 localities. However Shepparton services a much larger population of approximately 250,000 people as the main service centre for northern Victoria.

Greater Shepparton enjoys a young demographic with growing families, with 2016 census data showing the proportion of couples with children was nearly three per cent above the regional Victorian average, at 27.8 per cent.

Our community is culturally rich with a large proportion of the population born overseas (13 per cent), with many residents immigrating from India, Afghanistan, Sudan, Italy, Iraq, Turkey, New Zealand and the Philippines. Italian, Arabic, Persian/Dari, Turkish, Albanian, Punjabi, Greek, Macedonian, Mandarin and Filipino/Tagalog are the most commonly spoken languages other than English.

Greater Shepparton is also the home to regional Victoria's largest Aboriginal community, making up approximately 3.5 per cent of the population.

Two hours north of Melbourne, Greater Shepparton's central location is a major advantage and has seen our urban centre emerge as the retail, industry and services hub for central Victoria. Located at the intersection of the Midland and Goulburn Valley Highways, Greater Shepparton provides easy access to Adelaide, Sydney, Brisbane and Melbourne.

The City of Greater Shepparton acts as a major industrial, employment and service centre for a wide catchment, including many rural settlements within and beyond its municipal boundaries, with its gross regional product totalling \$3.6 billion per annum.

Greater Shepparton forms part of the 'Food Bowl of Australia', which accounts for 25 per cent of the total value of Victoria's agricultural production. We are a national centre for dairy and horticulture, exporting reliable premium quality fresh and value-added produce via innovative practices and a world class irrigation system. Shepparton is also often referred to as the transport hub of regional Victoria due to its extensive road transport industry.

Major industries for the region include manufacturing, retail trade, health care and social assistance, agriculture and construction. Greater Shepparton is home to several multinational and iconic companies such as Campbell's Soups, SPC, Tatura Milk Industries (Bega), Unilever, Visy, Pental Soaps and Freedom Foods. Several multinational companies also reside just outside of the Greater Shepparton municipal boundary, such as Murray Goulburn Co-operative and Bega.

These companies utilise Shepparton as their major hub and home to their transport and logistics operations.

COVID-19 Disclosure

On 30 January 2020, COVID-19 was declared as a global pandemic by the World Health Organisation. In March 2020, the State of Victoria declared a state of emergency to respond to the COVID-19 outbreak. During 2020/2021 a number of lockdowns and various restrictions saw the closure of several facilities or the reduced operations of non-essential services.

Some of the Council services and facilities impacted were Aquamoves, Sports Stadiums, Performing Arts, Children's Services, KidsTown and Victoria Park Lake Caravan Park. The financial impact of COVID-19 on Greater Shepparton City Council has been disclosed in the notes to the financial statements.

Council adopted two separate economic responses to COVID-19 for the community. Stage 1 (March 2020) was estimated at \$1.5 million providing timely financial and direct support to businesses and the broader community. In June 2020, Stage 2 was announced estimated at \$2 million support for the community. In June 2021, Council adopted a zero rate rise as part of the 2021/2022 to help support the community and businesses in their recovery from the COVID-19 pandemic.

Council will continue to monitor revenue and expenditure levels during 2021/2022 and provide ongoing support where possible and feasible to the community.

PERFORMANCE STATEMENT

Sustainable Capacity Indicators

For the year ended 30 June 2021

INDICATOR/MEASURE	RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	MATERIAL VARIATIONS
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	\$1,815	\$1,903	\$1,991	\$2,067	
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$14,616	\$14,809	\$16,783	\$17,168	
Population density per length of road [Municipal population / Kilometres of local roads]	29	29	29	29	
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,492	\$1,548	\$1,549	\$1,752	Upwards trend from 2020 to 2021 influenced by favourable fair value movement of Cosgrove 3 Landfill Rehabilitation Provision.
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$388	\$366	\$390	\$380	
Disadvantage					
Relative socio-economic disadvantage [Index of Relative Socio-economic Disadvantage by decile]	2	2	2	2	
Workforce turnover					
Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	11%	9%	10%	10%	

Definitions

“infrastructure” means non-current property, plant and equipment excluding land

“local road” means a sealed or unsealed road for which the Council is the responsible road authority under the *Road Management Act 2004*

“own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants)

“population” means Estimated Resident Population (ERP) sourced from the Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0)

“relative socio-economic disadvantage”, in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

“SEIFA” means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

Service Performance Indicators

For the year ended 30 June 2021

INDICATOR/MEASURE	RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	MATERIAL VARIATIONS
Aquatic Facilities					
Utilisation					
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	10	9	7	2	Significant decrease in number of visits as Aquamoves closed due to COVID-19 restrictions.
Animal Management					
Health and Safety					
Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions) x 100	New in 2020	New in 2020	100%	100%	
Food Safety					
Health and Safety					
Critical and major non-compliance notifications [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	100%	0%	100%	0%	In 2020 there was 1 notification whilst in 2021 there were no critical or major non-compliance notifications.
Governance					
Satisfaction					
Satisfaction with Council decisions [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	55	53	52	51	

INDICATOR/MEASURE	RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	MATERIAL VARIATIONS
Libraries					
Participation					
Active library members [Number of active library members / Municipal population] x100	9%	10%	10%	9%	
Maternal and Child Health (MCH)					
Participation					
Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	79%	77%	80%	81%	
Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	77%	75%	88%	85%	
Roads					
Satisfaction					
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	55	57	57	57	
Statutory Planning					
Decision making					
Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100%	50%	100%	100%	
Waste Collection					
Waste diversion					
Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	50%	51%	51%	51%	

Definitions

“Aboriginal child” means a child who is an Aboriginal person

“Aboriginal person” has the same meaning as in the Aboriginal Heritage Act 2006

“active library member” means a member of a library who has borrowed a book from the library

“annual report” means an annual report prepared by a council under sections 131, 132 and 133 of the Act

“class 1 food premises” means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act

“class 2 food premises” means food premises, within the meaning of the Food Act 1984 , that have been declared as class 2 food premises under section 19C of that Act

“critical non-compliance outcome notification” means a notification received by council under section 19N(3) or (4) of the Food Act 1984 , or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

“food premises” has the same meaning as in the Food Act 1984

“local road” means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

“major non-compliance outcome notification” means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

“MCH” means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

“population” means Estimated Resident Population (ERP) sourced from the Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0)

“target population” has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth.

Financial Performance Indicators

For the year ended 30 June 2021

DIMENSION/INDICATOR /MEASURE	RESULTS				FORECASTS				MATERIAL VARIATIONS
	2018	2019	2020	2021	2022	2023	2024	2025	
EFFICIENCY									
Expenditure level									
Expenses per property assessment	\$3,867	\$4,076	\$4,186	\$4,308	\$4,469	\$4,359	\$4,350	\$4,467	
[Total expenses / Number of property assessments]									
Revenue level									
Average rate per property assessment									
(General rates and Municipal charges / Number of property assessments)	New in 2020	New in 2020	\$2,542	\$2,269	\$2,089	\$2,110	\$2,131	\$2,153	2020 Actual incorrectly reported as \$2,542 with other rates and charges such as Waste Kerbside Collection service fees included in error. Correct 2020 figure \$2,219.

	RESULTS				FORECASTS				
DIMENSION/INDICATOR /MEASURE	2018	2019	2020	2021	2022	2023	2024	2025	MATERIAL VARIATIONS
LIQUIDITY									Future year projections are impacted by significant expenditure on capital works programs, ongoing impacts of a zero percent rate rise in 2022 and a slow/gradual recovery of user fee income from COVID.
Working capital									
Current assets compared to current liabilities	270%	271%	150%	156%	132%	113%	113%	103%	
[Current assets / Current liabilities] x100									
Unrestricted cash									Future year projections are impacted by significant expenditure on capital works programs, ongoing impacts of a zero percent rate rise in 2022 and a slow/gradual recovery of user fee income from COVID.
Unrestricted cash compared to current liabilities	164%	48%	47%	47%	55%	24%	24%	24%	
[Unrestricted cash / Current liabilities] x100									
OBLIGATIONS									\$10 million of new borrowings in 2021 adopted budget. \$12 million of new borrowings in 2022 adopted budget.
Loans and borrowings									
Loans and borrowings compared to rates	25%	22%	19%	29%	40%	36%	32%	28%	
[Interest bearing loans and borrowings / Rate revenue] x100									
Loans and borrowings repayments compared to rates									
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3%	3%	3%	3%	4%	4%	4%	4%	
Indebtedness									Reduction from 2020 to 2021 due to fair value movement in Cosgrove 3 Landfill Rehabilitation Provision. Future year projections assumed 2020 provision valuation.
Non-current liabilities compared to own source revenue	25%	24%	52%	39%	65%	61%	57%	53%	
[Non-current liabilities / Own source revenue] x100									

	RESULTS				FORECASTS				
DIMENSION/INDICATOR /MEASURE	2018	2019	2020	2021	2022	2023	2024	2025	MATERIAL VARIATIONS
Asset renewal and upgrade									
Asset renewal and upgrade compared to depreciation	New in 2020	New in 2020	108%	80%	160%	106%	82%	155%	Reduction from 2020 to 2021 due to rebudgeting of Cosgrove 2 Landfill Cell 4 works. Future year projections influenced largely by timing of renewals at Cosgrove Landfill.
[Asset renewal and upgrade expenses / Asset depreciation] x100									
OPERATING POSITION									
Adjusted underlying result									Upwards trend from 2020 to 2021 influenced by favourable fair value movement of Cosgrove 3 Landfill Rehabilitation Provision and early receipt of 50% of 2022 Federal Financial Assistance Grants (impacts 2022 projection).
Adjusted underlying surplus (or deficit)	5%	4%	-1%	8%	-11%	-5%	-4%	-3%	
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100									
STABILITY									Downwards trend from 2020 to 2021 influenced by 2021 Adjusted Underlying Surplus (see OP1).
Rates concentration									
Rates compared to adjusted underlying revenue	59%	59%	61%	55%	66%	65%	65%	64%	
[Rate revenue / Adjusted underlying revenue] x100									
Rates effort									
Rates compared to property values	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
[Rate revenue / Capital improved value of rateable properties in the municipality] x100									

Retired Financial Performance Indicators

For the year ended 30 June 2021

DIMENSION/INDICATOR /MEASURE	RESULTS			
	2018	2019	2020	2021
EFFICIENCY				
Revenue level				
Average residential rate per residential property assessment	\$1,919	\$1,920	Retired in 2020	Retired in 2020
[Residential rate revenue / Number of residential property assessments]				
OBLIGATIONS				
Asset renewal				
Asset renewal compared to depreciation	76%	101%	Retired in 2020	Retired in 2020
[Asset renewal expenses / Asset depreciation] x100				

Definitions

“adjusted underlying revenue” means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

“adjusted underlying surplus (or deficit)” means adjusted underlying revenue less total expenditure

“asset renewal expenditure” means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

“current assets” has the same meaning as in the AAS

“current liabilities” has the same meaning as in the AAS

“non-current assets” means all assets other than current assets

“non-current liabilities” means all liabilities other than current liabilities

“non-recurrent grant” means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council’s Strategic Resource Plan

“own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

“population” means the resident population estimated by council

“rate revenue” means revenue from general rates, municipal charges, service rates and service charges

“recurrent grant” means a grant other than a non-recurrent grant

“residential rates” means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

“restricted cash” means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

“unrestricted cash” means all cash and cash equivalents other than restricted cash.

Other Information

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 2020).

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

The performance statement presents the actual results for the current year for the prescribed financial performance indicators and measures as well as the results forecast by the council’s strategic resource plan.

The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted the materiality thresholds as per Appendix B – Materiality Guidelines of the Local Government Better Practice Guide 2020-21 Performance Statement. Explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material of its nature.

The forecast figures included in the performance statement are those adopted by council in its adopted budget and strategic resource plan on 15 June 2021. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term.

Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by visiting www.greatershepparton.com.au

Certification of the Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 2020)*.

Matthew Jarvis CPA
Principal Accounting Officer

Dated:

In our opinion, the accompanying performance statement of the Greater Shepparton City Council for the year ended 30 June 2021 presents fairly the results of Council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 2020)*.

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

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

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.

Cr Kim O'Keeffe
Mayor

Dated:

Cr Rob Priestly
Deputy Mayor

Dated:

Peter Harriott
Chief Executive Officer

Dated: