

**Greater Shepparton City Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2022

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
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Certification of the Financial Statements

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

Claire Barnes
Principal Accounting Officer
Date :
Shepparton

In our opinion the accompanying financial statements present fairly the financial transactions of the Greater Shepparton City Council for the year ended 30 June 2022 and the financial position of the Council as at that date.

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

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

Councillor
Date :
Shepparton

Councillor
Date :
Shepparton

Peter Harriott
Chief Executive Officer
Date :
Shepparton

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

	Note	2022 \$'000	2021 \$'000
Income			
Rates and charges	3.1	85,018	83,323
Statutory fees and fines	3.2	3,242	3,223
User fees	3.3	15,770	16,665
Grants - operating	3.4	31,251	30,465
Grants - capital	3.4	10,598	12,519
Contributions - monetary	3.5	3,557	3,700
Contributions - non monetary	3.5	9,512	5,650
Share of net profits of associates and joint ventures	6.3	287	151
Other income	3.7	5,845	1,228
Total income		165,080	156,924
Expenses			
Employee costs	4.1	(51,346)	(51,570)
Materials and services	4.2	(47,070)	(50,151)
Depreciation	4.3	(34,466)	(33,235)
Amortisation - intangible assets	4.4	(730)	(1,341)
Amortisation - right of use assets	4.5	(250)	(293)
Bad and doubtful debts	4.6	(236)	(60)
Net loss on disposal of property, infrastructure, plant and equipment	3.6	(5,409)	(660)
Borrowing costs	4.7	(626)	12,145
Finance costs - leases	4.8	(18)	(27)
Other expenses	4.9	(532)	(554)
Total expenses		(140,683)	(125,746)
Surplus for the year		24,397	31,178
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	9.1	8,880	85,758
Total other comprehensive income		8,880	85,758
Total comprehensive result		33,277	116,936

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

Balance Sheet As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	32,245	42,985
Trade and other receivables	5.1	17,538	18,318
Other financial assets	5.1	16,000	8,000
Inventories	5.2	159	156
Non-current assets classified as held for sale	6.1	711	63
Other assets	5.2	1,804	1,579
Total current assets		68,457	71,101
Non-current assets			
Investments in associates, joint arrangements and subsidiaries	6.3	1,885	1,598
Property, infrastructure, plant and equipment	6.2	1,294,864	1,269,499
Right-of-use assets	5.8	400	643
Intangible assets	5.2	32,749	29,179
Total non-current assets		1,329,898	1,300,919
Total assets		1,398,355	1,372,020
Liabilities			
Current liabilities			
Trade and other payables	5.3	13,986	15,478
Trust funds and deposits	5.3	5,103	3,656
Unearned income/revenue	5.3	8,642	8,440
Provisions	5.5	11,765	15,232
Interest-bearing liabilities	5.4	2,780	2,662
Lease liabilities	5.8	158	244
Total current liabilities		42,434	45,712
Non-current liabilities			
Provisions	5.5	24,000	24,685
Interest-bearing liabilities	5.4	18,423	21,245
Lease liabilities	5.8	262	419
Total non-current liabilities		42,685	46,349
Total liabilities		85,119	92,061
Net assets		1,313,236	1,279,959
Equity			
Accumulated surplus		499,868	475,471
Reserves	9.1	813,368	804,488
Total Equity		1,313,236	1,279,959

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

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

2022	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
Balance at beginning of the financial year		1,279,959	475,471	804,488
Surplus for the year		24,397	24,397	-
Net asset revaluation increment	9.1	8,880	-	8,880
Balance at end of the financial year		1,313,236	499,868	813,368

2021		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

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

Statement of Cash Flows For the Year Ended 30 June 2022

	Note	2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		83,402	81,735
Statutory fees and fines		2,793	2,904
User fees		15,770	16,665
Grants - operating		31,251	30,465
Grants - capital		10,598	12,519
Contributions - monetary		3,557	3,700
Interest received		94	157
Trust funds and deposits taken		1,447	917
Other receipts		5,141	5,459
Net GST refund/(payment)		(560)	1,251
Employee costs		(51,615)	(51,453)
Materials and services		(50,122)	(55,392)
Net cash provided by operating activities	9.2	51,756	48,927
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(52,001)	(50,759)
Proceeds from sale of property, infrastructure, plant and equipment		1,294	1,048
Proceeds from sale of investments		-	2,000
Payments for investments		(8,000)	-
Net cash used in investing activities		(58,707)	(47,711)
Cash flows from financing activities			
Finance costs		(816)	(758)
Proceeds from borrowings		-	10,000
Repayment of borrowings		(2,703)	(1,851)
Interest paid - lease liability		(18)	(27)
Repayment of lease liabilities		(252)	(287)
Net cash provided by/(used in) financing activities		(3,789)	7,077
Net increase/(decrease) in cash and cash equivalents		(10,740)	8,293
Cash and cash equivalents at the beginning of the financial year		42,985	34,692
Cash and cash equivalents at the end of the financial year	5.1	32,245	42,985
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 2022

	Note	2022 \$'000	2021 \$'000
Property			
Land		12	-
Land improvements		229	73
Total land		241	73
Buildings		1,868	18,541
Total buildings		1,868	18,541
Total property		2,109	18,614
Plant and equipment			
Plant, machinery and equipment		3,874	2,895
Fixtures, fittings and furniture		336	265
Computers and telecommunications		82	546
Total plant and equipment		4,292	3,706
Infrastructure			
Roads		26,099	15,691
Bridges		1,254	433
Footpaths and cycleways		3,359	2,241
Drainage		3,410	2,575
Recreational, leisure and community facilities		4,151	4,550
Waste management		4,629	184
Parks, open space and streetscapes		1,978	1,070
Aerodromes		362	963
Off street car parks		-	250
Other infrastructure		358	482
Total infrastructure		45,600	28,439
Total capital works expenditure		52,001	50,759
Represented by:			
New asset expenditure		7,181	21,868
Asset renewal expenditure		24,328	21,602
Asset expansion expenditure		3,545	2,425
Asset upgrade expenditure		16,947	4,864
Total capital works expenditure		52,001	50,759

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

NOTE 1 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 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

Significant accounting policies**(a) Basis of accounting**

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

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

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

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

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

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

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

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, and withdrawn on 28 October 2020. On the 15 December 2021 the state of emergency in Victoria was withdrawn.

During the 2021-22 year, a number of COVID-19 Restricted Activity Directives 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 (\$746,000) and Riverlinks (\$671,000), has seen a large drop in user fee revenue compared to adopted budget.

In contrast, Government grants, such as the State Government Business Concierge and Outdoor Dining Funding (\$420,000 in 2021-22) and the Federal Government's Local Roads and Community Infrastructure Program (Phase 2 and 3 \$7.17 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 debtor balances have increased during COVID-19 due to the flexibility afforded to ratepayers in repaying outstanding balances and no referral for formal debt collection. Council has a high level of assurance of future collectability of these secured debts.

The impacts on Council's expenditure has been immaterial when compared to adopted budget. Some employee cost savings have occurred due reduced operations and higher than usual vacancy rates, however these are partially offset by increases required in other areas, such as Children's Services, required to maintain service levels. Refer to Note 2.1 for income and expense variances to adopted budget.

A COVID-19 related disclosure has been made in the following note:
Note 5.1 (c) Financial Assets – Trade and Other Receivables

Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of 10 percent and \$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 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

2.1.1 Income and expenditure

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Income					
Rates and charges	85,004	85,018	14	0.0%	
Statutory fees and fines	3,690	3,242	(448)	(12.1%)	1
User fees	19,304	15,770	(3,534)	(18.3%)	2
Grants - operating	17,385	31,251	13,866	79.8%	3
Grants - capital	26,066	10,598	(15,468)	(59.3%)	4
Contributions - monetary	3,109	3,557	448	14.4%	5
Contributions - non monetary	5,827	9,512	3,685	63.2%	6
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	534	(5,409)	(5,943)	(1112.9%)	7
Share of net profits of associates and joint ventures	-	287	287	0.0%	8
Other income	1,057	5,845	4,788	453.0%	9
Total income	161,976	159,671	(2,305)	(1.4%)	
Expenses					
Employee costs	53,191	51,346	1,845	3.5%	
Materials and services	51,412	47,070	4,342	8.4%	
Depreciation	36,399	34,466	1,933	5.3%	
Amortisation - Intangible assets	521	730	(209)	(100.0%)	10
Amortisation - Right of use assets	243	250	(7)	(2.9%)	
Bad and doubtful debts	302	236	66	21.9%	
Borrowing costs	990	626	364	36.8%	11
Finance costs - Leases	18	18	-	0.0%	
Other expenses	726	532	194	26.7%	12
Total expenses	143,802	135,274	8,528	5.9%	
Surplus/(deficit) for the year	18,174	24,397	(6,223)	(34.2%)	

2.1.1 Income and expenditure (ctd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Less than Budget by \$448k largely due to the deferral of swimming pool compliance inspection deadlines and fewer planning scheme amendments.
2	User fees	Less than Budget by \$3.53m largely due to lower volumes on commercial waste at Cosgrove Landfill and the impact of the COVID-19 pandemic of the operations of the Regional Aquatics Centre (Aquamoves) and Performing Arts Centre (Riverlinks)
3	Grants - operating	More than Budget by \$13.87m largely due to the early receipt of 75% of the 2022/2023 Federal Financial Assistance Grant Funding \$11.16m.
4	Grants - capital	Less than Budget by \$15.47m largely due to capital works budgeted for in 2021/2022, now to be completed in 2022/2023, and the accounting treatment of capital grants which were budgeted for but unable to be recognised as income due to AASB1058, instead treated as income in advance.
5	Contributions - monetary	More than Budget by \$448k largely due to additional developer contributions including Mooroopna West Growth Corridor and Kialla Greens Estate.
6	Contributions - non monetary	More than Budget by \$3.70m largely due to additional gifted assets from completed estates including Kialla Lakes, Park Views and Tatura Waters.
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Less than Budget by \$5.94m largely due to the write off of assets disposed/replaced as part of several large capital projects.
8	Share of net profits of associates and joint ventures	Share in net profits of Goulburn Valley Regional Library Corporation not budgeted.
9	Other Income	More than Budget by \$4.79m largely due to the initial recognition of Water Shares intangible assets.
10	Amortisation - Intangible assets	More than Budget by \$209k largely due to the higher volume of airspace used at the Cosgrove 3 Landfill and associated amortisation cost of the airspace asset.
11	Borrowing costs	Less than Budget by \$364k largely due to budgeted borrowings of \$12m not being drawn down as planned in June 2022 due to the early receipt of the 2022/2023 Federal Assistance Grants in April 2022. Also impacted by the fair value movements in employee and landfill provisions, not budgeted for.
12	Other expenses	Less than Budget by \$194k largely due to lower internal audit fees, reduced landfill audit services and lower photocopier lease expense.

2.1.2 Capital works

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	-	12	12	100.0%	
Land improvements	1,524	229	(1,295)	(85.0%)	1
Buildings	15,059	1,868	(13,191)	(87.6%)	2
Total property	16,583	2,109	(14,474)	(87.3%)	
Plant, machinery and equipment	4,940	3,874	(1,066)	(21.6%)	3
Fixtures, fittings and furniture	245	336	91	37.1%	
Computers and telecommunications	-	82	82	100.0%	
Total plant and equipment	5,185	4,292	(893)	(17.2%)	
Infrastructure					
Roads	22,775	26,099	3,324	14.6%	4
Bridges	1,915	1,254	(661)	(34.5%)	5
Footpaths and cycleways	3,638	3,359	(279)	(7.7%)	6
Drainage	2,287	3,410	1,123	49.1%	7
Recreational, leisure and community facilities	7,271	4,151	(3,120)	(42.9%)	8
Waste management	8,461	4,629	(3,832)	(45.3%)	9
Parks, open space and streetscapes	1,627	1,978	351	21.6%	10
Aerodromes	-	362	362	100.0%	11
Other infrastructure	387	358	(29)	(7.5%)	
Total infrastructure	48,361	45,600	(2,761)	(5.7%)	
Project Management Office	1,450	-	(1,450)	(100.0%)	
Total capital works expenditure	71,579	52,001	(19,578)	(27.4%)	
Represented by:					
New asset expenditure	6,882	7,181	299	4.3%	
Asset renewal expenditure	32,271	24,328	(7,943)	(24.6%)	
Asset expansion expenditure	25,881	3,545	(22,336)	(86.3%)	
Asset upgrade expenditure	6,545	16,947	10,402	158.9%	
Total capital works expenditure	71,579	52,001	(19,578)	(27.4%)	

2.1.2 Capital works (ctd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land improvements	Less than Budget by \$1.29m largely due to SAM Precinct works budgeted for in 2021/2022, now to be completed in 2022/2023.
2	Buildings	Less than Budget by \$13.19m largely due to Maude Street Mall redevelopment (\$12.25m) budgeted for under Buildings, but reclassified as a Roads project.
3	Plant, machinery and equipment	Less than Budget by \$1.07m largely due to plant items not being delivered by 30 June 2022.
4	Roads	More than Budget by \$3.32m largely due to Maude Street Mall redevelopment (\$12.25m) budgeted for under Buildings, but reclassified as a Roads project. A portion of this project (\$4m), as well as the Knight and Hawdon Street Upgrade (\$5m) budgeted for in 2021/2022, will now to be completed in 2022/2023.
5	Bridges	Less than Budget by \$661k largely due to savings in Watt Road Bridge upgrade and bridge renewals.
6	Footpaths and cycleways	Less than Budget by \$279k largely due to shared path extension route 2 (KidsTown to Gemmill Swamp) budget for in 2021/2022, now to be completed in 2022/2023.
7	Drainage	More than Budget by \$1.12m largely due to Stadium/Munarra wetland and drainage upgrade budgeted for in 2021/2022 and 2022/2023, but delivered in 2021/2022.
8	Recreational, leisure and community facilities	Less than Budget by \$3.12m largely due to Vibert Reserve Pavilion redevelopment budgeted for in 2021/2022, now to be completed in 2022/2023.
9	Waste management	Less than Budget by \$3.83m largely due to savings in Cosgrove 3 cell 2 construction.
10	Parks, open space and streetscapes	More than Budget by \$351k largely due to DCP item North Growth Corridor landscaping design not budgeted for.
11	Aerodromes	More than Budget by \$362k largely due to Aerodrome plane parking and helipad budgeted for in 2020/2021, completed in 2021/2022.

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following Directorates.

2.2.1 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.

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

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Community	16,601	(29,278)	(12,677)	10,534	1,886
Corporate Services	98,704	(45,567)	53,137	14,164	68,457
Infrastructure	42,959	(50,501)	(7,542)	15,437	1,328,002
Sustainable Development	6,816	(15,337)	(8,521)	1,714	10
	165,080	(140,683)	24,397	41,849	1,398,355

	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

Note 3 Funding for the delivery of our services	2022	2021
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 2021/22 was \$12.954 billion (2020/21 \$11.812 billion).

General rates	66,672	65,508
Municipal charge	6,156	6,040
Waste management charge	10,645	10,318
Supplementary rates and rate adjustments	1,312	1,457
Interest on rates and charges	233	-
Total rates and charges	85,018	83,323

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

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

3.2 Statutory fees and fines

Infringements and costs	1,366	1,017
Town planning fees	673	652
Land information certificates	89	87
Permits	1,112	1,461
Other	2	6
Total statutory fees and fines	3,242	3,223

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	308	377
Animal control	86	66
Aquatic facilities	1,912	1,270
Arts and culture	665	82
Child services	1,691	1,424
Development facilities	748	706
Environmental health	15	15
Financial services	122	119
Parking	523	563
Recreation facilities	497	219
Saleyards	1,224	1,238
Tourism	663	565
Waste management services	6,884	9,684
Other fees and charges	432	337
Total user fees	15,770	16,665

User fees by timing of revenue recognition

User fees recognised at a point in time	15,770	16,665
Total user fees	15,770	16,665

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	2022	2021
Grants were received in respect of the following:	\$'000	\$'000
Summary of grants		
Commonwealth funded grants	27,817	27,600
State funded grants	14,032	15,384
Total grants received	41,849	42,984
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	14,096	10,131
Early Years	3,334	3,656
Community Wellbeing	744	773
Projects	4,337	3,201
Environmental Health	4	6
Recurrent - State Government		
Community Wellbeing	185	133
Early Years	5,043	4,812
Environmental Health	184	244
Arts and Culture	-	-
Emergency Management	100	313
Economic Development	120	123
Building, Planning and Compliance	-	79
Total recurrent operating grants	28,147	23,471
Non-recurrent - Commonwealth Government		
Early Years	24	28
Saleyards	-	-
Parks, Sport and Recreation	-	432
Works and Waste	-	10
Economic Development	50	174
Building, Planning and Compliance	75	75
Non-recurrent - State Government		
Early Years	428	825
Performing Arts and Conventions	125	125
Community Wellbeing	352	4
Director Community	40	120
Active Living	160	210
Environmental	24	-
Finance and Rates	68	66
Economic Development	1,231	667
Infrastructure	290	4,122
Projects	-	44
Building, Planning and Compliance	26	-
Parks, Sport and Recreation	66	92
Works and Waste	145	-
Total non-recurrent operating grants	3,104	6,994
Total operating grants	31,251	30,465

3.4 Funding from other levels of government (ctd)	2022	2021
(b) Capital Grants	\$'000	\$'000
Recurrent - Commonwealth Government		
Infrastructure	2,033	2,033
Recurrent - State Government		
Total recurrent capital grants	2,033	2,033
Non-recurrent - Commonwealth Government		
Infrastructure	3,120	581
Arts and Culture	-	6,500
Non-recurrent - State Government		
Arts and Culture	2,489	2,000
Infrastructure	2,561	925
Property	-	-
Plant and equipment	395	480
Recreation and Parks	-	-
Total non-recurrent capital grants	8,565	10,486
Total capital grants	10,598	12,519
(c) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	1,086	1,000
Received during the financial year and remained unspent at balance date	-	186
Received in prior years and spent during the financial year	(938)	(100)
Balance at year end	148	1,086
Capital		
Balance at start of year	7,354	317
Received during the financial year and remained unspent at balance date	2,507	7,037
Received in prior years and spent during the financial year	(1,367)	-
Balance at year end	8,494	7,354

2021 amounts have been restated to be consistent with the principles of AASB15 and AASB 1058.

(d) Recognition of grant income

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

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

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

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

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

General purpose	14,096	10,131
Specific purpose grants to acquire non-financial assets	9,231	12,519
Other specific purpose grants	16,217	20,234

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

Specific purpose grants	2,305	100
	41,849	42,984

3.5 Contributions	2022 \$'000	2021 \$'000
Monetary	3,557	3,700
Non-monetary	9,512	5,650
Total contributions	13,069	9,350

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

Land	89	55
Roads	5,652	3,008
Other infrastructure	3,771	2,587
Total non-monetary contributions	9,512	5,650

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

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

Proceeds of sale	1,294	1,048
Written down value of assets disposed	(6,539)	(1,708)
Minor assets expensed	(164)	-
Total net loss on disposal of property, infrastructure, plant and equipment	(5,409)	(660)

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

3.7 Other income

Interest	158	120
Rent	343	280
Other	1,447	828
Water Shares	3,897	-
Total other income	5,845	1,228

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.

Water Shares represents the gain on initial recognition of existing Water Shares as an intangible asset per AASB 138 Intangible Assets. These water shares are existing holdings largely resulting from the unbundling of water rights in 2007.

Note 4 The cost of delivering services	2022	2021
4.1 (a) Employee costs	\$'000	\$'000
Wages and salaries	46,324	46,592
WorkCover	232	384
Superannuation	4,802	4,600
Fringe benefits tax	(12)	(6)
Total employee costs	51,346	51,570
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	131	130
Employer contributions - other funds	2	9
	133	139
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,667	2,730
Employer contributions - other funds	2,002	1,731
	4,669	4,461
Employer contributions payable at reporting date.	36	36

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

4.2 Materials and services

Utilities	2,716	2,610
Training and development	492	401
Information technology	2,596	2,351
Building maintenance	2,572	2,307
Motor vehicle expenses	1,669	1,570
General maintenance	4,395	4,828
Insurance	1,351	1,265
Waste management	9,824	8,676
Advertising and marketing	1,226	1,032
Consultants	1,635	1,720
EPA Levy	1,921	2,194
Legal fees	833	911
Sponsorships and contributions	5,552	7,313
Non-Council asset works	494	3,956
Operational supplies and services	9,794	9,017
Total materials and services	47,070	50,151

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

4.3 Depreciation

Property	3,202	2,582
Plant and equipment	2,519	2,173
Infrastructure	28,745	28,480
Total depreciation	34,466	33,235

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

4.4 Amortisation - Intangible assets	2022 \$'000	2021 \$'000
Cosgrove Landfill Airspace	730	1,341
Total Amortisation - Intangible assets	730	1,341
4.5 Amortisation - Right of use assets		
Property	11	13
Vehicles	234	257
Other	5	23
Total Amortisation - Right of use assets	250	293
4.6 Bad and doubtful debts		
Parking fine debtors	223	59
Other debtors	13	1
Total bad and doubtful debts	236	60
Movement in provisions for doubtful debts		
Balance at the beginning of the year	(290)	(296)
New provisions recognised during the year	(236)	(60)
Amounts already provided for and written off as uncollectible	122	66
Balance at end of year	(404)	(290)
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.		
4.7 Borrowing costs		
Interest - Borrowings	811	751
Fair value movements (Refer Note 5.5)	(185)	(12,896)
Total borrowing costs	626	(12,145)
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, resulted in favourable movements. Refer note 5.5.		
4.8 Finance Costs - Leases		
Interest - Lease liabilities	18	27
Total finance costs	18	27
4.9 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	62	72
Auditors' remuneration - Internal Audit	53	53
Councillors' allowances	324	302
Other Lease expense	93	127
Total other expenses	532	554

Note 5 Our financial position	2022	2021
5.1 Financial assets - current	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	12	10
Cash at bank	16,233	42,975
Cash equivalent deposits	16,000	-
Total cash and cash equivalents	32,245	42,985
(b) Other financial assets - current		
Term deposits	16,000	8,000
Total other financial assets	16,000	8,000
Total financial assets	48,245	50,985
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	1,250
Civil works developer contributions fund	1,022	900
Recreational land contributions fund	262	94
Total funds held on a statutory basis	2,534	2,244
Total trust funds and deposits (Note 5.3)	5,103	3,656
Total restricted funds	7,637	5,900
Total unrestricted cash and cash equivalents	24,608	37,085
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	19,368	7,214
- conditional grants unspent (note 3.4(c))	8,642	8,440
Total funds subject to intended allocations	28,010	15,654

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.

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

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

5.1 Financial assets (ctd)

(c) Trade and other receivables	2022	2021
	\$'000	\$'000
Current		
<i>Statutory receivables</i>		
Rates debtors	8,308	6,692
Infringement debtors	2,371	2,045
Provision for doubtful debts - infringements	(390)	(278)
Net GST receivable	1,538	979
<i>Non-statutory receivables</i>		
Other debtors	5,724	8,892
Provision for doubtful debts - other debtors	(13)	(12)
Total current trade and other receivables	17,538	18,318

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 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 as secured debts.

(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)	4,713	4,826
Past due by up to 30 days	831	572
Past due between 31 and 180 days	25	1,507
Past due between 181 and 365 days	44	1,646
Past due by more than 1 year	111	341
Total trade and other receivables	5,724	8,892

Ageing of individually impaired Receivables

At balance date, other debtors including sundry debtors with a nominal value of \$12,753 (2021: \$11,789) were impaired. 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 \$12,753, (2021: \$11,789). 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)	-	-
Past due by up to 30 days	2	1
Past due between 31 and 60 days	1	3
Past due between 61 and 90 days	2	4
Past due by more than 91 days	8	4
Total trade and other receivables	13	12

5.2 Non-financial assets	2022	2021
(a) Inventories - current	\$'000	\$'000
Inventories held for distribution	159	156
Total inventories	159	156

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 - current

Prepayments	1,707	1,565
Accrued income	97	14
Total other assets	1,804	1,579

(c) Intangible assets - non current

Landfill air space	27,635	29,051
Water shares	5,114	128
Total intangible assets	32,749	29,179

	Water shares	Landfill air	Total
	\$'000	space	\$'000
		\$'000	
Gross carrying amount			
Balance at 1 July 2021	128	30,392	30,520
Additions/(Reductions) for period	3,914	(686)	3,228
Fair value movement	1,072	-	1,072
Balance at 30 June 2022	5,114	29,706	34,820
Accumulated amortisation and impairment			
Balance at 1 July 2021	-	1,341	1,341
Amortisation expense	-	730	730
Balance at 30 June 2022	-	2,071	2,071
Net book value at 30 June 2021	128	29,051	29,179
Net book value at 30 June 2022	5,114	27,635	32,749

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.

Water Shares are measured using the revaluation model per AASB 138 Intangible Assets with fair value determined with reference to the active permanent water share market. Water shares are deemed to have an infinite life and are therefore not amortised. Additions for the 2022 period relate to existing Water Shares held as a result of unbundling of water rights in 2007, but not yet recognised for accounting purposes.

5.3 Payables, trust funds and deposits and unearned income/revenue	2022	2021
(a) Trade and other payables - current	\$'000	\$'000
<i>Non-statutory payables</i>		
Trade payables	561	4,452
Prepaid income	29	24
Accrued expenses	11,431	9,259
Other payables	1,965	1,743
Total trade and other payables	13,986	15,478

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

5.3 Payables (ctd)

(b) Trust funds and deposits - current	2022	2021
	\$'000	\$'000
Refundable deposits	2,877	2,506
Fire services levy	604	493
Retention amounts	1,622	657
Total trust funds and deposits	5,103	3,656
(c) Unearned income		
Grants received in advance - operating	148	1,086
Grants received in advance - capital	8,494	7,354
Total unearned income	8,642	8,440

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of mainly government grants. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

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		
Bank Borrowings - secured	2,780	2,662
	2,780	2,662
Non-current		
Bank Borrowings - secured	18,423	21,245
	18,423	21,245
Total	21,203	23,907

Borrowings are secured by general rates.

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

Not later than one year	2,780	2,662
Later than one year and not later than five years	11,559	11,578
Later than five years	6,864	9,667
	21,203	23,907

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

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

5.5 Provisions

	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
2022			
Balance at beginning of the financial year	13,231	26,686	39,917
Additions/(Reductions) to provisions	2,818	(1,333)	1,485
Amounts used	(3,308)	(2,144)	(5,452)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(826)	641	(185)
Balance at the end of the financial year	11,915	23,850	35,765
2021			
Balance at beginning of the financial year	12,343	41,486	53,829
Additions 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
Summary of provisions		2022 \$'000	2021 \$'000
Total current provisions		11,765	15,232
Total non-current provisions		24,000	24,685
Total provisions		35,765	39,917
(a) Employee provisions			
Current provisions expected to be wholly settled within 12 months			
Annual leave		3,287	3,521
Long service leave		860	1,085
		4,147	4,606
Current provisions expected to be wholly settled after 12 months			
Annual leave		1,222	1,469
Long service leave		5,352	5,694
		6,574	7,163
Total current employee provisions		10,721	11,769
Non-current			
Long service leave		1,194	1,462
Total non-current employee provisions		1,194	1,462
Aggregate carrying amount of employee provisions:			
Current		10,721	11,769
Non-current		1,194	1,462
Total aggregate carrying amount of employee provisions		11,915	13,231

5.5 Provisions (ctd)

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

Annual leave

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

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

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

Long service leave

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

Key assumptions:

- discount rate	3.693%	1.491%
- index rate	1.800%	1.800%

	2022	2021
	\$'000	\$'000
(b) Landfill restoration		
Current	1,044	3,463
Non-current	22,806	23,223
Total landfill restoration	23,850	26,686

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	2.38% -3.85%	-0.02% - 2.12%
- index rate	2.9%	1.10%
- estimated cost to rehabilitate	31,449	33,771

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 forecast).

5.6 Financing arrangements

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

Bank guarantees	200	200
Credit card facilities	120	100
Interest bearing loans	23,203	25,907
Total facilities	23,523	26,207
<i>Used facilities</i>		
Bank guarantees	30	30
Credit card facilities	28	17
Interest bearing loans	21,203	23,907
Total used facilities	21,261	23,954
Unused facilities	2,262	2,253

5.7 Commitments

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

(a) Commitments for expenditure

2022	Not later than 1	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	6,058	6,388	-	-	12,446
Open space management	370	383	-	-	753
Operational supplies and services	5,928	5,698	5,209	31	16,866
Cleaning contracts for council buildings	510	-	-	-	510
Total	12,866	12,469	5,209	31	30,575
Capital					
Buildings	3,613	-	-	-	3,613
Roads	75	-	-	-	75
Waste	798	-	-	-	798
Other	7,289	-	-	-	7,289
Total	11,775	-	-	-	11,775
<hr/>					
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
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

5.8 Leases

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

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

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

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

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

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

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

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

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

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

Right-of-Use Assets	Property \$'000	Vehicles \$'000	Other \$'000	Total \$'000
Balance at 1 July 2021	21	617	5	643
Additions	-	7	-	7
Amortisation charge	(11)	(234)	(5)	(250)
Balance at 30 June 2022	10	390	-	400

Lease Liabilities	2022 \$'000	2021 \$'000
Maturity analysis - contractual undiscounted cash flows	\$'000	\$'000
Less than one year	169	262
One to five years	271	440
Total undiscounted lease liabilities as at 30 June:	440	702

Lease liabilities included in the Balance Sheet at 30 June:

Current	158	244
Non-current	262	419
Total lease liabilities	420	663

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 \$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.

	2022	2021
	\$'000	\$'000
Expenses relating to:		
Short-term leases	6	34
Leases of low value assets	86	93
Total	92	127
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	95	94
Later than one year but not later than five years	138	231
Total lease commitments	233	325

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

Cost of acquisition	700	52
Revaluation	11	11
Total non current assets classified as held for sale	711	63

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

	Carrying amount 30 June 2021	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers from WIP	Transfers	Carrying amount 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	117,599	548	89	-	(470)	(564)	-	4,628	(480)	121,350
Buildings	140,837	1,665	-	-	(2,732)	(1,719)	-	1,575	(40)	139,586
Plant and equipment	32,282	3,480	-	1,226	(2,519)	(634)	-	1,164	(21)	34,978
Infrastructure	951,643	20,623	9,423	6,582	(28,745)	(3,359)	-	16,233	(106)	972,294
Work in progress	27,138	23,381	-	-	-	-	(263)	(23,600)	-	26,656
	1,269,499	49,697	9,512	7,808	(34,466)	(6,276)	(263)	-	(647)	1,294,864

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	8,514	2,063	6	(7,186)	3,397
Plant and equipment	1,779	421	-	(1,741)	459
Infrastructure	16,845	20,897	(269)	(14,673)	22,800
Total	27,138	23,381	(263)	(23,600)	26,656

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 2021	39,692	63,192	16,180	119,064	32,411	153,682	186,093	8,514	313,671
Accumulated depreciation at 1 July 2021	-	-	(1,465)	(1,465)	(11,154)	(34,102)	(45,256)	-	(46,721)
	39,692	63,192	14,715	117,599	21,257	119,580	140,837	8,514	266,950
Movements in fair value									
Additions	-	-	548	548	1,004	661	1,665	2,063	4,276
Additions - WIP	-	-	4,628	4,628	463	1,112	1,575	(7,186)	(983)
Contributions	89	-	-	89	-	-	-	-	89
Revaluation	-	-	-	-	-	-	-	-	-
Disposal	(20)	(437)	(174)	(631)	(237)	(4,112)	(4,349)	-	(4,980)
Write-off	-	-	-	-	-	-	-	6	6
Transfers	-	(477)	19	(458)	(36)	(23)	(59)	-	(517)
	69	(914)	5,021	4,176	1,194	(2,362)	(1,168)	(5,117)	(2,109)
Movements in accumulated depreciation									
Depreciation	-	-	(470)	(470)	(769)	(1,963)	(2,732)	-	(3,202)
Accumulated depreciation of disposals	-	-	67	67	138	2,492	2,630	-	2,697
Revaluation	-	-	-	-	-	-	-	-	-
Transfers	-	-	(22)	(22)	-	19	19	-	(3)
	-	-	(425)	(425)	(631)	548	(83)	-	(508)
At fair value 30 June 2022	39,761	62,278	21,201	123,240	33,605	151,320	184,925	3,397	311,562
Accumulated depreciation at 30 June 2022	-	-	(1,890)	(1,890)	(11,785)	(33,554)	(45,339)	-	(47,229)
Carrying amount	39,761	62,278	19,311	121,350	21,820	117,766	139,586	3,397	264,333

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 2021	17,958	22,096	3,733	1,779	45,566
Accumulated depreciation at 1 July 2021	(8,237)	(2,195)	(1,073)	-	(11,505)
	9,721	19,901	2,660	1,779	34,061
Movements in fair value					
Additions	3,437	43	-	421	3,901
Additions - WIP	363	717	84	(1,741)	(577)
Revaluation	-	1,226	-	-	1,226
Disposal	(2,617)	(131)	-	-	(2,748)
Transfers	-	(25)	-	-	(25)
	1,183	1,830	84	(1,320)	1,777
Movements in accumulated depreciation					
Depreciation	(1,869)	(246)	(404)	-	(2,519)
Accumulated depreciation of disposals	1,987	127	-	-	2,114
Transfers	-	4	-	-	4
	118	(115)	(404)	-	(401)
At fair value 30 June 2022	19,141	23,926	3,817	458	47,343
Accumulated depreciation at 30 June 2022	(8,119)	(2,310)	(1,477)	-	(11,906)
Carrying amount	11,022	21,616	2,340	458	35,436

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 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 1 July 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
Movements in fair value												
Additions	11,294	-	1,684	2,346	365	2,461	1,307	362	7	797	20,897	41,520
Additions - WIP	4,009	-	678	3,333	3,621	191	2,271	989	54	1,087	(14,673)	1,560
Contributions	5,652	-	1,345	2,318	-	-	108	-	-	-	-	9,423
Revaluation	-	9,883	-	-	-	-	-	2,072	-	4,253	-	16,208
Disposal	(3,292)	-	(906)	(553)	(162)	-	(50)	(10)	(247)	(561)	-	(5,781)
Write-off	-	-	-	-	-	-	-	-	-	-	(269)	(269)
Transfers	-	-	-	440	27	-	(573)	-	-	-	-	(106)
	17,663	9,883	2,801	7,884	3,851	2,652	3,063	3,413	(186)	5,576	5,955	62,555
Movements in accumulated depreciation												
Depreciation	(20,046)	(236)	(832)	(2,027)	(3,578)	(803)	(634)	(80)	(78)	(431)	-	(28,745)
Accumulated depreciation of disposals	1,440	-	448	181	44	-	21	4	29	255	-	2,422
Revaluation	-	(7,209)	-	-	-	-	-	(913)	-	(1,504)	-	(9,626)
	(18,606)	(7,445)	(384)	(1,846)	(3,534)	(803)	(613)	(989)	(49)	(1,680)	-	(35,949)
At fair value 30 June 2022	796,775	31,669	89,952	193,088	173,529	36,885	64,254	13,946	13,465	19,820	22,800	1,456,183
Accumulated depreciation at 30 June 2022	(270,196)	(15,577)	(26,027)	(66,403)	(57,501)	(5,600)	(8,318)	(2,031)	(1,275)	(8,161)	-	(461,089)
Carrying amount	526,579	16,092	63,925	126,685	116,028	31,285	55,936	11,915	12,190	11,659	22,800	995,094

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.

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 2022 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Land	-	62,278	-	April 2021
Specialised land	-	-	39,761	April 2021
Land Improvements	-	-	19,311	April 2021
Heritage Buildings	-	-	21,820	April 2021
Buildings	-	-	117,766	April 2021
Total	-	62,278	198,658	

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 2022 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	526,579	March 2021
Bridges	-	-	16,092	June 2022
Footpaths and cycleways	-	-	63,925	March 2021
Drainage	-	-	126,685	March 2021
Recreational, leisure and community facilities	-	-	116,028	March 2021
Waste management	-	-	31,285	March 2021
Parks, open space and streetscapes	-	-	55,936	March 2021
Aerodromes	-	-	11,915	June 2022
Off street car parks	-	-	12,190	March 2021
Other infrastructure	-	-	11,659	June 2022
Total	-	-	972,294	

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.

	2022	2021
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	39,761	39,692
Total specialised land	39,761	39,692

6.3 Investments in associates, joint arrangements and subsidiaries	2022	2021
	\$'000	\$'000
(a) Investments in associates		
- Goulburn Valley Regional Library Corporation (GVRLC)	1,885	1,598
Fair value of Council's investment in Goulburn Valley Regional Library Corporation (GVRLC)	1,885	1,598

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	(182)	(333)
Reported surplus for year	287	151
Council's share of accumulated surplus/(deficit) at end of year	105	(182)

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	1,598	1,447
Share of surplus for year	287	151
Carrying value of investment at end of year	1,885	1,598

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.

Associates

Interests in associates are detailed in Note 6.3.

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Greater Shepparton City Council. The Councillors, Chief Executive Officer and Director Community, Director Corporate Services, Director Infrastructure and Director Sustainable Development are deemed KMP.

Details of KMP at any time during the year are:

Councillors	Councillor Seema Abdullah
	Councillor Kim O'Keeffe (Mayor - July - June)
	Councillor Fern Summer
	Councillor Sam Spinks
	Councillor Shane Sali
	Councillor Anthony Brophy
	Councillor Geoffrey Dobson
	Councillor Greg James
	Councillor Robert Priestly (July - January)

CEO	Chief Executive Officer
Directors	Director - Community
	Director - Corporate Services
	Director - Infrastructure
	Director - Sustainable Development

	2022	2021
	No.	No.
Total Number of Councillors	9	15
Total of Chief Executive Officer and other Key Management Personnel	5	5
Total Number of Key Management Personnel	<u>14</u>	<u>20</u>

7.1 Council and key management remuneration (ctd)

(c) Remuneration of Key Management Personnel

	2022	2021
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,372	1,473
Long-term benefits	18	(4)
Post employment benefits	142	138
Total	1,532	1,607

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:

	2022	2021
	No.	No.
\$0 - \$9,999	-	6
\$10,000 - \$19,999	1	6
\$20,000 - \$29,999	5	1
\$30,000 - \$39,999	2	-
\$40,000 - \$49,999	-	1
\$60,000 - \$69,999	-	1
\$80,000 - \$89,999	1	-
\$170,000 - \$179,999	-	1
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	1	-
\$230,000 - \$239,999	-	1
\$240,000 - \$249,999	1	-
\$250,000 - \$259,999	-	1
\$260,000 - \$269,999	-	1
\$310,000 - \$319,999	1	-
\$380,000 - \$389,999	-	1
	14	20

(d) Senior Officer Remuneration

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

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

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

	2022	2021
	No.	No.
Income Range:		
\$151,000 - \$159,999	3	1
\$160,000 - \$169,999	3	4
\$170,000 - \$179,999	1	2
\$180,000 - \$189,999	-	1
\$200,000 - \$209,999	-	2
	7	10
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	1,138	1,800

7.2 Related party disclosure	2022	2021
(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>	1,714	1,689
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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 from Goulburn Valley Regional Library Corporation</i>	69	168
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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 Payments to entities controlled by key management personnel	2,253	3,028
5,6,7,8,9,10 Receipts from entities controlled by key management personnel	294	312
Receipts from entities influenced by key management personnel	-	43

1 Payment of \$2,200,000 to Shepparton Art Museum (SAM) for funding under agreement (Director of Corporate Services and Chief Executive Officer have an interest).

2 Payment of \$13,022 to Gouge Linen Services (Cr Priestly had an interest)

3 Payment of \$38,361 to Goulburn Valley Waste and Resource Recovery Group (Cr Abdullah and Cr Dobson have an interest)

4 Payment of \$1,930 to Rumbalara Aboriginal Co-op (Cr James has an interest)

5 Receipt of \$11,113.37 from AFL Goulburn Murray (Director of Sustainable Development had an interest)

6 Receipt of \$9,003 from Wilmont Road Primary School (CEO has an interest)

7 Receipt of \$127,485.45 from Shepparton Art Museum (Director of Corporate Services has an interest).

8 Receipt of \$85,532 from Goulburn Valley Grammar School (Cr Priestly had an interest)

9 Receipt of \$51,196 from Goulburn Valley Waste and Resource Recovery Group for administration fees and business centre hire (Cr Abdullah and Cr Dobson have an interest)

10 Receipts of \$9,260 from Rumbalara Aboriginal Co-op for Aquamoves and Tipping Services (Cr James has an interest)

7.2 Related party disclosure (ctd)	2022	2021
	\$'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

Outstanding payments to entities controlled by key management personnel	-	3
1,2,3,4 Outstanding receipts from entities influenced by key management personnel	179	39

1 Receipt of \$85,532 from Goulburn Valley Grammar School (Cr Priestly had an interest) a further \$2,214 was outstanding as at 30 June 2022.

2 Receipt of \$127,485.45 from Shepparton Art Museum (Director of Corporate Services and Chief Executive Officer have an interest) a further \$174,527 was outstanding as at 30 June 2022.

3 An outstanding amount from Cr O'Keefe for over paid Councillor fees totalling \$2,033 as at 30 June 2022.

4 An outstanding amount from the Shepparton Albanian Committee (Cr Sali has an interest) for services totalling \$615 as at 30 June 2022.

(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 assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet and are disclosed pursuant to AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

(a) Contingent assets

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

Gifted Assets

In the course of creating new subdivisions, developers construct infrastructure assets including roads, footpath and drainage that are vested with Council when Council issues a Statement of Compliance. These assets are recognised as revenue (Contributions - Non-Monetary) and capitalised. At reporting date, developers had commenced construction of assets that will eventually be transferred to Council, however Council cannot reliably measure the value of assets involved prior to completion.

(b) Contingent liabilities

Contingent liabilities are:

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

Superannuation

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

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 2022 reporting period. Council assesses the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 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.

8.3 Financial instruments (ctd)

(b) Market risk

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

Interest rate risk

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

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

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

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

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

(c) Credit risk

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

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

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.

8.3 Financial instruments (ctd)

(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

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 + 1.00% and 3.00% in market interest rates (AUD) from year-end rates of 1.74%.

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

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

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			
2022			
Property			
Land - specialised	13,057	-	13,057
Land - non specialised	22,566	-	22,566
Land and land improvements	12,740	-	12,740
Buildings - Heritage	5,228	-	5,228
Buildings	19,296	-	19,296
	72,887	-	72,887
Plant and Equipment			
Artwork and regalia	14,235	1,226	15,461
	14,235	1,226	15,461
Infrastructure			
Roads	459,454	-	459,454
Bridges	19,042	2,674	21,716
Footpaths and cycleways	57,549	-	57,549
Drainage	62,316	-	62,316
Recreational, leisure and community facilities	74,946	-	74,946
Waste management	1,110	-	1,110
Parks, open space and streetscapes	28,709	-	28,709
Aerodromes	3,811	1,159	4,970
Off-street car parks	8,265	-	8,265
Other infrastructure	2,164	2,749	4,913
	717,366	6,582	723,948
Intangible Assets			
Water rights	-	1,072	1,072
	-	1,072	1,072
Total asset revaluation reserves	804,488	8,880	813,368
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

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

9.2 Reconciliation of cash flows from operating activities to surplus	2022 \$'000	2021 \$'000
Surplus for the year	24,397	31,178
Depreciation	34,466	33,235
Amortisation of ROU Assets	250	293
Amortisation of Intangible assets	730	1,341
Loss on disposal of property, infrastructure, plant and equipment	5,409	660
Finance Costs	18	27
Borrowing Costs	811	751
Bad debts	236	60
Share of net profits of associates and joint ventures	(287)	(151)
Contributions - Non-monetary assets	(9,512)	(5,650)
Fair value adjustments for employee provisions	(826)	(214)
Fair value increases in - Landfill rehabilitation provision	641	(12,682)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	543	(3,550)
(Increase)/decrease in prepayments and other assets	(225)	(320)
(Increase)/decrease in inventories	(3)	(67)
(Increase)/decrease in intangibles	(3,897)	-
Increase/(decrease) in trade and other payables	(1,486)	2,060
Increase/(decrease) in unearned income /revenue	201	-
Increase/(decrease) in other liabilities	1,447	916
Increase/(decrease) in employee provisions	(490)	1,102
Increase/(decrease) in landfill provisions	(667)	(62)
Net cash provided by operating activities	51,756	48,927

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

Defined Benefit

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

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

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.

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

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

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

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

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

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

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

Employer contributions

Regular contributions

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

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

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 2021 triennial actuarial investigation surplus amounts**

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. 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:

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

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

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

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

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

The 2022 interim actuarial investigation

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

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2022 \$'000	2021 \$'000
Vision super	Defined benefit	10.0% (2021 9.5%)	131	130
Other than Vision	Defined benefit	10.0% (2021 9.5%)	2	9
Vision super	Accumulation fund	10.0% (2021 9.5%)	2,667	2,730
Other than Vision	Accumulation fund	10.0% (2021 9.5%)	2,002	1,731

There were \$36k contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$172k.

Note 10 Change in accounting policy

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

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

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 2022

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 2020 and Local Government (Planning and Reporting) Regulations 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 68,000 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 census data showing the proportion of couples with children was over two per cent above the regional Victorian average, at 26.9 per cent.

Our community is culturally rich with a large proportion of the population born overseas (17 per cent), with many residents immigrating from India, United Kingdom, Italy, Afghanistan, New Zealand, Philippines, Malaysia, Iraq, Albania and Pakistan.

The most commonly spoken languages at home, other than English are Punjabi, Arabic, Italian, Persian/Dari, Mandarin, Filipino/Tagalog, Malayalam, Albanian, Turkish and Swahili.

Greater Shepparton is also the home to regional Victoria's largest Aboriginal community, making up approximately 3.2 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 \$3.54 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 health care and social assistance, manufacturing, construction, retail trade, agriculture, education and training. Greater Shepparton is home to several multinational and iconic companies such as Campbell's Soups, SPC, Tatura Milk Industries, Unilever, Visy, Pental Soaps and Noumi Limited

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 2021/2022 a number of restricted activity directives were in place that saw the closure or reduced operation of several facilities and 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.

Following two previous economic and social responses to COVID-19 for the community in 2019/2020 (\$1.5 million) and 2020/2021 (\$2 million), Greater Shepparton City Council provided direct support to the community through a third program, at an estimated cost of \$600,000. Council also adopted a zero per cent rate rise for both the 2021/2022 and 2022/2023 financial years.

PERFORMANCE STATEMENT

Sustainable Capacity Indicators

For the year ended 30 June 2022

INDICATOR/MEASURE	RESULTS 2019	RESULTS 2020	RESULTS 2021	RESULTS 2022	MATERIAL VARIATIONS
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	\$1,903	\$1,991	\$2,067	\$2,106	
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$14,809	\$16,783	\$17,168	\$17,571	
Population density per length of road [Municipal population / Kilometres of local roads]	29	29	29	28	
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,548	\$1,549	\$1,752	\$1,649	
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$366	\$390	\$380	\$452	The 2022 result is impacted by receipt of 75% of the 2023 Federal Financial Assistance Grants in advance. This is greater than the 50% in advance received in prior years.
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	9%	10%	10%	16%	In 2021-22 there has been an increase in the staff turnover rate, which is consistent across the sector and many industries.

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 2022

INDICATOR/MEASURE	RESULTS 2019	RESULTS 2020	RESULTS 2021	RESULTS 2022	MATERIAL VARIATIONS
Aquatic Facilities					
Utilisation					
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	9	7	2	3	There has been increased utilisation of aquatic facilities this year. The utilisation of aquatic facilities were impacted through restrictions from Covid-19 and are still recovering.
Animal Management					
Health and Safety					
Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions) x 100	New in 2020	100%	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	0%	100%	0%	100%	In 2018 and 2020 there were no critical or major non-compliance notifications. In 2019 there was one notification whilst in 2021 there were six notifications which were followed up through third party audits.
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]	53	52	51	53	

INDICATOR/MEASURE	RESULTS 2019	RESULTS 2020	RESULTS 2021	RESULTS 2022	MATERIAL VARIATIONS
Libraries					
Participation					
Active library members [Number of active library members / Municipal population] x100	10%	10%	9%	8%	Active library borrowers reduced due to Covid restrictions when libraries were closed for six months of the year.
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	77%	80%	81%	78%	
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	75%	88%	85%	81%	
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]	57	57	57	55	
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	50%	100%	100%	75%	One of the four cases was overturned at VCAT.
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	51%	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 2022

DIMENSION/INDICATOR /MEASURE	RESULTS				FORECASTS				MATERIAL VARIATIONS
	2019	2020	2021	2022	2023	2024	2025	2026	
EFFICIENCY									
Expenditure level									
Expenses per property assessment	\$4,076	\$4,186	\$4,308	\$4,317	\$4,582	\$4,543	\$4,440	\$4,493	
[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	\$2,542	\$2,269	\$2,275	\$2,319	\$2,364	\$2,418	\$2,466	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	2019	2020	2021	2022	2023	2024	2025	2026	MATERIAL VARIATIONS
LIQUIDITY									
Working capital									
Current assets compared to current liabilities									
[Current assets / Current liabilities] x100	271%	150%	156%	161%	125%	99%	90%	87%	Reduction in previous years reflects capital expenditure on significant capital items including the Shepparton Art Museum (SAM). Future year projections are impacted by a further zero per cent rate rise in 2023, significant expenditure on capital works programs and gradual recovery of user fee income from the impacts of COVID.
Unrestricted cash									
Unrestricted cash compared to current liabilities									
[Unrestricted cash / Current liabilities] x100	48%	47%	47%	-9%	48%	29%	17%	13%	The 2022 result is negative as this indicator excludes other financial assets (term deposits) that while not considered cash, are current assets with maturities that align with Council's current obligations. These other financial assets are forecast to be moved to cash in future years.
OBLIGATIONS									
Loans and borrowings									
Loans and borrowings compared to rates									
[Interest bearing loans and borrowings / Rate revenue] x100	22%	19%	29%	25%	21%	24%	20%	15%	Although budgeted, no new borrowings were drawn down in 2022 due to early receipt of significant government grant funding. \$6m of borrowings is forecast for 2024.
Loans and borrowings repayments compared to rates									
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3%	3%	3%	4%	4%	4%	5%	4%	\$10m of borrowings late in 2021 has resulted in an increase in repayments compared to rates. Future projections are influenced by \$6m of borrowings forecast in 2024.

	RESULTS				FORECASTS				
DIMENSION/INDICATOR /MEASURE	2019	2020	2021	2022	2023	2024	2025	2026	MATERIAL VARIATIONS
Indebtedness									
Non-current liabilities compared to own source revenue	24%	52%	39%	39%	37%	38%	33%	30%	
[Non-current liabilities / Own source revenue] x100									
Asset renewal and upgrade									
Asset renewal and upgrade compared to depreciation	New in 2020	108%	80%	120%	146%	97%	118%	114%	The 2022 result is influenced by significant expenditure on the Maude Street Mall upgrade, Cosgrove 2 Cell 4 Landfill capping and Cosgrove 3 Cell 2 Landfill renewal. Significant road renewal and upgrade is budgeted for 2023 which continues the upwards trend, before results normalise in later forecast years.
[Asset renewal and upgrade expenses / Asset depreciation] x100									
OPERATING POSITION									
Adjusted underlying result									Upwards trend from 2020 to 2021 was due a favourable fair value movement for the Cosgrove 3 Landfill provision. The 2022 result is impacted by recognition of water shares as an intangible asset and early receipt of 75% of the 2023 Federal Financial Assistance Grants. This early receipt, in addition to significant non-recurrent operating expenditure identified in 2023 and 2024 and two years of zero per cent rate rises impact future year projections.
Adjusted underlying surplus (or deficit)									
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	4%	-1%	8%	3%	-17%	-4%	-1%	-1%	
STABILITY									
Rates concentration									The forecast increase in 2023 is impacted by early receipt of 75% of the 2023 Federal Financial Assistance Grants in 2022, thereby reducing forecast income in the 2023 year.
Rates compared to adjusted underlying revenue	59%	61%	55%	59%	68%	62%	64%	64%	
[Rate revenue / Adjusted underlying revenue] x100									

	RESULTS				FORECASTS				
DIMENSION/INDICATOR /MEASURE	2019	2020	2021	2022	2023	2024	2025	2026	MATERIAL VARIATIONS
Rates effort									
Rates compared to property values									
[Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.8%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	

Retired Financial Performance Indicators

For the year ended 30 June 2022

	RESULTS			
DIMENSION/INDICATOR /MEASURE	2019	2020	2021	2022
EFFICIENCY				
Revenue level				
Average residential rate per residential property assessment	\$1,920	Retired in 2020	Retired in 2020	Retired in 2020
[Residential rate revenue / Number of residential property assessments]				
OBLIGATIONS				
Asset renewal				
Asset renewal compared to depreciation	101%	Retired in 2020	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 2020 and Local Government (Planning and Reporting) Regulations 2020

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

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 2020 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 2021-22 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 21 June 2022. 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 2020* and the *Local Government (Planning and Reporting) Regulations 2020*

Claire Barnes
Principal Accounting Officer

Dated:

In our opinion, the accompanying performance statement of the Greater Shepparton City Council for the year ended 30 June 2022 presents fairly the results of Council's performance in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*

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

At the date of signing, we are not aware of any circumstances that would render 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 2020* to certify this performance statement in its final form.

Cr Shane Sali
Mayor

Dated:

Cr Anthony Brophy
Deputy Mayor

Dated:

Peter Harriott
Chief Executive Officer

Dated: