



FINANCIAL REPORT

FINANCIAL STATEMENTS AND
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

GLEN EIRA CITY COUNCIL
ANNUAL REPORT
2021–2022

BENTLEIGH • BENTLEIGH EAST • BRIGHTON EAST • CARNEGIE • CAULFIELD • ELSTERNWICK
GARDENVALE • GLEN HUNTLY • MCKINNON • MURRUMBEENA • ORMOND • ST KILDA EAST



GLEN EIRA
CITY COUNCIL

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FINANCIAL REPORT

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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*, Australian Accounting Standards and other mandatory professional reporting requirements.



John Vastianos (B.Com., GradCertMgt., FCPA, GAICD)

Principal Accounting Officer

Dated: 30 August 2022

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield

In our opinion, the accompanying Financial Statements of the Glen Eira City Council for the year ended 30 June 2022 presents fairly the financial transactions of Council, and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances that would render any particulars in the Financial Statements to be misleading or inaccurate.

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



Jim Magee

Mayor

Dated: 30 August 2022

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Li Zhang

Deputy Mayor

Dated: 30 August 2022

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Rebecca McKenzie

Chief Executive Officer

Dated: 30 August 2022

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Independent Auditor's Report

To the Councillors of Glen Eira City Council

| | |
|---|---|
| Opinion | <p>I have audited the financial report of Glen Eira City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2022 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial report. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the <i>Local Government Act 2020</i>, the <i>Local Government (Planning and Reporting) Regulations 2020</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Councillors' responsibilities for the financial report | <p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
16 September 2022



Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement
for the year ended 30 June 2022

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| | Notes | 2022 \$ '000 | 2021 \$ '000 |
|--|---------|-----------------|-----------------|
| Income | | | |
| Rates and charges | 3.1 | 124,966 | 120,178 |
| Statutory fees and fines | 3.2 | 7,791 | 4,413 |
| User fees | 3.3 | 16,136 | 12,501 |
| Grants — operating | 3.4 | 22,542 | 29,252 |
| Grants — capital | 3.4 | 10,183 | 5,554 |
| Other income | 3.5 | 2,040 | 1,256 |
| Contributions — monetary | 3.6 | 4,387 | 5,804 |
| Share of net surplus of joint operations | 6.1 | 412 | - |
| Total income | | 188,457 | 178,958 |
| Expenses | | | |
| Employee costs | 4.1 | 77,069 | 83,942 |
| Materials and services | 4.2 | 61,230 | 58,838 |
| Depreciation | 4.3 | 24,444 | 24,060 |
| Amortisation — intangible assets | 4.4 | 923 | 787 |
| Amortisation — right of use assets | 4.5 | 1,062 | 1,007 |
| Net loss on sale/disposal of property, infrastructure, plant and equipment | 4.6 | 2,599 | 1,129 |
| Borrowing costs | 4.7 | 207 | 313 |
| Finance costs — leases | 4.8 | 192 | 191 |
| Other expenses | 4.9 | 6,497 | 5,944 |
| Share of net loss of joint operations | 6.1 | - | 2,231 |
| Total expenses | | 174,223 | 178,442 |
| Surplus for the year | | 14,234 | 516 |
| Other comprehensive income | | | |
| Items that will not be reclassified to surplus or deficit in future periods | | | |
| Net asset revaluation increment | 9.1 (a) | 239,755 | 245,456 |
| Total other comprehensive income | | 239,755 | 245,456 |
| Total comprehensive result | | 253,989 | 245,972 |

The above Comprehensive Income Statement should be read in conjunction with the accompanying notes.

| | Notes | 2022 \$ '000 | 2021 \$ '000 |
|---|---------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5.1 (a) | 45,581 | 34,236 |
| Other financial assets | 5.1 (b) | - | 30,000 |
| Trade and other receivables | 5.1 (d) | 22,722 | 19,225 |
| Other assets | 5.2 (a) | 3,121 | 1,970 |
| Total current assets | | 71,424 | 85,431 |
| Non-current assets | | | |
| Other financial assets | 5.1 (b) | 5 | 5 |
| Investments in joint operations | 6.1 (a) | 136 | 146 |
| Property, infrastructure, plant and equipment | 6.2 | 2,765,920 | 2,499,881 |
| Right-of-use assets | 5.8 | 2,406 | 3,405 |
| Intangible assets | 5.2 (b) | 2,512 | 2,822 |
| Total non-current assets | | 2,770,979 | 2,506,259 |
| Total assets | | 2,842,403 | 2,591,690 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 5.3 (a) | (18,122) | (14,434) |
| Trust funds and deposits | 5.3 (b) | (25,692) | (30,195) |
| Unearned income | 5.3 (c) | (5,185) | (4,515) |
| Provisions | 5.5 | (15,773) | (16,658) |
| Interest-bearing liabilities | 5.4 | (3,811) | (3,806) |
| Lease liabilities | 5.8 | (1,109) | (1,181) |
| Total current liabilities | | (69,692) | (70,788) |
| Non-current liabilities | | | |
| Provisions | 5.5 | (974) | (1,398) |
| Interest-bearing liabilities | 5.4 | (3,331) | (3,811) |
| Lease liabilities | 5.8 | (1,598) | (2,452) |
| Investments in joint operations | 6.1 (b) | (3,755) | (4,176) |
| Total non-current liabilities | | (9,658) | (11,837) |
| Total liabilities | | (79,350) | (82,626) |
| Net assets | | 2,763,053 | 2,509,064 |
| Equity | | | |
| Accumulated surplus | | 986,938 | 966,051 |
| Reserves | 9.1 | 1,776,115 | 1,543,013 |
| Total equity | | 2,763,053 | 2,509,064 |

The above Balance Sheet should be read in conjunction with the accompanying notes.

| 2022 | Notes | Total | Accumulated surplus | Public open space reserve | Asset revaluation reserve |
|---|---------------|------------------|----------------------------|----------------------------------|----------------------------------|
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Balance at beginning of the financial year | | 2,509,064 | 966,051 | 26,260 | 1,516,753 |
| Surplus for the year | | 14,234 | 14,234 | - | - |
| Net asset revaluation increment | 9.1(a) | 239,755 | - | - | 239,755 |
| Transfers to public open space reserve | 9.1(b) | - | (4,387) | 4,387 | - |
| Transfers from public open space reserve | 9.1(b) | - | 11,040 | (11,040) | - |
| Balance at the end of the financial year | | 2,763,053 | 986,938 | 19,607 | 1,756,508 |

| 2021 | Notes | Total | Accumulated surplus | Public open space reserve | Asset revaluation reserve |
|---|---------------|------------------|----------------------------|----------------------------------|----------------------------------|
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Balance at beginning of the financial year | | 2,263,092 | 967,600 | 24,195 | 1,271,297 |
| Surplus for the year | | 516 | 516 | - | - |
| Net asset revaluation increment | 9.1(a) | 245,456 | - | - | 245,456 |
| Transfers to public open space reserve | 9.1(b) | - | (5,804) | 5,804 | - |
| Transfers from public open space reserve | 9.1(b) | - | 3,739 | (3,739) | - |
| Balance at the end of the financial year | | 2,509,064 | 966,051 | 26,260 | 1,516,753 |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

| | Notes | 2022 inflows/ (outflows) \$ '000 | 2021 inflows/ (outflows) \$ '000 |
|---|------------|---|---|
| Cash flows from operating activities | | | |
| Rates and charges | | 122,794 | 116,336 |
| Statutory fees and fines | | 7,791 | 4,413 |
| User fees | | 15,183 | 11,510 |
| Other receipts | | 6,358 | 1,108 |
| Grants — operating | | 22,232 | 29,635 |
| Grants — capital | | 6,717 | 8,652 |
| Contributions — monetary | | 4,387 | 5,804 |
| Interest received | | 230 | 230 |
| Trust funds and deposits taken | | 3,229 | 798 |
| Net GST refund | | 9,385 | 7,788 |
| Employee costs | | (80,997) | (87,163) |
| Materials and services | | (69,597) | (68,372) |
| Short-term, low value and variable lease payments | 5.8 | (7) | (7) |
| Trust funds and deposits repaid | | (7,733) | (11,010) |
| Other payments | | (5,683) | (5,992) |
| Net cash provided by operating activities | 9.2 | 34,289 | 13,730 |
| Cash flows from investing activities | | | |
| Payments for property, infrastructure, plant and equipment | | (51,663) | (32,330) |
| Proceeds from sale of property, infrastructure, plant and equipment | | 565 | 191 |
| Proceeds from other financial assets | | 30,000 | 13,563 |
| Payments for other financial assets | | - | (30,000) |
| Net cash used in investing activities | | (21,098) | (48,576) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 3,331 | - |
| Finance costs | | (190) | (308) |
| Repayment of borrowings | | (3,806) | (3,687) |
| Interest paid — lease liability | | (192) | (191) |
| Repayment of lease liabilities | | (989) | (906) |
| Net cash used in financing activities | | (1,846) | (5,092) |
| Net increase (decrease) in cash and cash equivalents | | 11,345 | (39,938) |
| Cash and cash equivalents at the beginning of the financial year | | 34,236 | 74,174 |
| Cash and cash equivalents at the end of the financial year | | 45,581 | 34,236 |
| Financing arrangements | 5.6 | | |
| Restrictions on cash and cash equivalents | 5.1(c) | | |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
| Property | | |
| Land | 10,776 | 3,271 |
| Buildings | 17,567 | 9,018 |
| Total property | 28,343 | 12,289 |
| Plant and equipment | | |
| Plant, machinery and equipment | 803 | 1,935 |
| Computers and telecommunications | 1,411 | 1,510 |
| Library books, materials and equipment | 1,088 | 702 |
| Other plant and equipment | 279 | 531 |
| Total plant and equipment | 3,581 | 4,678 |
| Infrastructure | | |
| Roads | 5,838 | 6,067 |
| Footpaths | 2,917 | 2,266 |
| Drainage | 3,711 | 2,548 |
| Open space and recreation | 7,221 | 3,517 |
| Car parks | 451 | 71 |
| Streetscape works | 2,480 | 1,047 |
| Total infrastructure | 22,618 | 15,516 |
| Total capital works expenditure | 54,542 | 32,483 |
| Represented by: | | |
| Asset renewal expenditure | 12,042 | 13,813 |
| Asset upgrade expenditure | 15,405 | 7,681 |
| Asset expansion expenditure | 3,217 | 2,526 |
| New asset expenditure | 23,878 | 8,463 |
| Total capital works expenditure | 54,542 | 32,483 |

The above Statement of Capital Works should be read in conjunction with the accompanying notes.

The total capital works figures above includes expenditure on new capital works projects and carry forward projects from previous financial year.

Note 1 Overview

Introduction

Glen Eira City Council was established by an Order of the Governor in Council on 15 December 1994 and is a Body Corporate. Council's main office is located at the corner Glen Eira and Hawthorn Roads, Caulfield, Victoria.

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 Australian Accounting Standards (AASs), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

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

Significant accounting policies

(a) Basis of accounting

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

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs 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 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); and
- other areas requiring judgements.

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

(b) Impact of Covid-19

During 2021-22 the COVID-19 pandemic continued to impact on Council's operations. Council has noted the following significant impacts on its financial operations:

(i) Additional revenue (offset by expenditure)

Council was successful in receiving the following additional revenue:

- Outdoor Eating and Entertainment Package to support hospitality businesses prepare for COVID normal re-opening across Victoria - \$250k (round 2) and COVID Safe Outdoor Activation Fund 2021 \$575k.
- *Local Roads and Community Infrastructure Program* (Phase Two \$2.2m).
- *Local Government Business Concierge and Hospitality Support Program* \$120k.

(ii) Revenue reductions

- Fees from Glen Eira Leisure services were reduced by \$3.95m due to forced closures.

(iii) Revenue forgone in response to the pandemic

- Deferring payment of rate debt accumulated from 16 March 2020 and 30 June 2021 and offering a Hardship Rates Relief Package during 2021-22 for any ratepayer experiencing financial hardship and no interest charged; rate debtors increased by \$1.94m over the course of the year.

(iv) New costs and services

- Pandemic prevention expenses associated with COVID-19 including: personal protective equipment and clothing, cleaning materials such as: sanitisers, gloves, cleaning products and other prevention materials - \$678k incurred for the year.

Additional COVID-19 impacts are included in the relevant notes throughout the Financial Report.

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 generally adopted a materiality threshold of the higher of 10 per cent of the variance and \$1m where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The *Budget* figures detailed below are those adopted by Council on 29 June 2021. The *Budget* was based on assumptions that were relevant at the time of adoption of the *Budget*. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The *Budget* did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

| 2.1.1 Income and expenditure | Budget 2022 \$ '000 | Actuals 2022 \$ '000 | Variance \$ '000 | Variance % | Ref |
|--|---------------------------|----------------------------|---------------------|---------------|-----|
| Income | | | | | |
| Rates and charges | 124,530 | 124,966 | 435 | 0% | |
| Statutory fees and fines | 9,020 | 7,791 | (1,229) | (14%) | (a) |
| User fees | 23,502 | 16,136 | (7,366) | (31%) | (b) |
| Grants — operating | 20,154 | 22,542 | 2,388 | 12% | (c) |
| Grants — capital | 11,884 | 10,183 | (1,701) | (14%) | (d) |
| Other income | 2,518 | 2,040 | (478) | (19%) | |
| Contributions — monetary | 3,450 | 4,387 | 937 | 27% | (e) |
| Share of net surplus of joint operations | - | 412 | 412 | 100% | (f) |
| Total income | 195,057 | 188,457 | (6,601) | (3%) | |
| Expenses | | | | | |
| Employee costs | 86,117 | 77,069 | 9,048 | 11% | (g) |
| Materials and services | 63,851 | 61,230 | 2,621 | 4% | (h) |
| Depreciation | 24,978 | 24,444 | 534 | 2% | |
| Amortisation — intangible assets | 788 | 923 | (135) | (17%) | |
| Amortisation — right of use assets | 847 | 1,062 | (215) | (25%) | |
| Net loss on sale/disposal of property, infrastructure, plant and equipment | 1,248 | 2,599 | (1,351) | (108%) | (i) |
| Borrowing costs | 499 | 207 | 292 | 59% | |
| Finance costs — leases | 121 | 192 | (71) | (59%) | |
| Other expenses | 5,556 | 6,497 | (941) | (17%) | (j) |
| Total expenses | 184,005 | 174,223 | 9,782 | 5% | |
| Surplus for the year | 11,052 | 14,234 | 3,182 | 29% | |

Note 2.1 Performance against budget (continued)

Explanation of material variations — comprehensive income statement

| Variance reference | Explanation |
|--------------------|---|
| | <p>(a) Statutory fees and fines — Relates mainly to fees and fines levied in accordance with legislation and include animal registrations, health act registrations and parking fines.</p> <p>The higher variance of \$1.23m is mostly due to lower than anticipated revenue from parking infringements across the municipality (\$1.66m). This was due to relaxation of parking restrictions and enforcement for essential goods pick-ups in and around activity centres due to COVID-19.</p> |
| | <p>(b) User Fees — Relates mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include use of leisure, community facilities and the provision of human services such as Family Day Care and Community Care Services.</p> <p>User fees are lower than budget by \$7.37m mainly due to:</p> <ul style="list-style-type: none"> (i) government mandated COVID-19 closures for Glen Eira Leisure (\$3.95m) due to COVID-19 restrictions during 2021; (ii) closure of our Residential Aged Care facilities: Spurway Community in April 2021 and Rosstown Community in November 2021 (\$2.02m); and (iii) reduced fees received from Family Day Care and Early Learning Centres (\$896k), this is partially offset by increased subsidies received. |
| | <p>(c) Grants — operating — are higher by \$2.39m mainly due to:</p> <ul style="list-style-type: none"> (i) Victorian Grants Commission funding - The Commonwealth Government announced that part of Council's Grant Commission funding would be prepaid in 2021-22. 75 per cent of the 2022-23 grant was received for financial assistance and local roads funding during the 2021-22 financial year of \$3.27m. All of the funds allocated by the Commission are distributed on a formula basis; (ii) Positive variance for Family and Children Services (\$302k) due to increased subsidy payments; this is offset by reduced fee income; and (iii) Aged Care grant funding for community transport (\$252k). <p>These are offset by the closure of two of our Residential Aged Care facilities which reduced our Aged Care Funding Instrument (ACFI) by \$2m.</p> |
| | <p>(d) Grants — capital — Includes all monies received from State, Federal and community sources for the purposes of funding the capital works program. These were lower than budget by \$1.7m due to grants budgeted this year that are now expected to be received in 2022-23 including:</p> <ul style="list-style-type: none"> (i) \$2.2m for Local Roads and Community Infrastructure (Phase Two) funding; (ii) \$423k for Roads to Recovery; and (iii) \$200k for Murrumbeena Community Hub. <p>Offsetting these are unbudgeted grants successfully applied for and received during the year including:</p> <ul style="list-style-type: none"> (iv) \$825k for Local Councils Outdoor Eating and Entertainment package; and (v) Other grants across recreation and open space projects. |
| | <p>(e) Contributions — monetary — Open space fees are higher than budget by \$937k. These contributions are levied on multi-unit property developments in order to fund open space and depend on decisions made by developers, not Council. Refer to note 9.1(b) for further details.</p> |

Note 2.1 Performance against budget (continued)

Explanation of material variations — comprehensive income statement

| Variance reference | Explanation |
|-----------------------|--|
| | <p>(f) Share of net surplus of joint operations — is higher than budget by \$412k.</p> <p>The Joint Venture ceased to operate as a commercial land fill at the end of January 2016, and as such it is no longer able to generate income from ongoing operations to continue to meet obligations under its licence agreement with the EPA for a period of 30 years following closure.</p> <p>As we do not budget for the Clayton Landfill Site, the variance reflects the annual result of the Joint Venture accounts which is variable year on year. Refer to notes 6.1 and 8.1(e) for further details.</p> |
| | <p>(g) Employee costs — This includes all labour related expenditure and on-costs such as allowances, leave entitlements, employer superannuation and Worksafe. Employee costs are underspent by \$9.05m due mainly to:</p> <ul style="list-style-type: none"> (i) Glen Eira Leisure - reduced staffing costs due to COVID-19 closures by (\$2.16m); (ii) Residential Aged Care - higher by (\$2m) due to the closure of Rosstown Community in November 2021; (iii) Community Aged Care - reduced staffing due to reduced demand for personal care services during the pandemic of (\$1.35m); (iv) Parks Services - reduced staff costs of (\$1m) mainly due to vacancies; and (v) Other savings due to staff vacancies across various business units. |
| | <p>(h) Materials and services — This includes expenditure on materials, contracts and services, maintenance, insurance and utilities. Materials and Services is higher than budget by \$2.6m mainly due to:</p> <ul style="list-style-type: none"> (i) Parks Services - higher than budget due to reduced staff availability and weather affecting scope of works to be performed (\$1.1m); (ii) Buildings and Properties - reduced maintenance and running costs during building closures resulted in a saving of (\$1.02m); and (iii) Glen Eira Leisure - savings in maintenance costs and utilities due to mandated closures (\$891k). |
| | <p>(i) Net loss on sale/disposal of property, infrastructure, plant and equipment — This is higher than budgeted by \$1.35m due to the demolition of two buildings as part of the 2021-22 Capital Works Program:</p> <ul style="list-style-type: none"> (i) removal of a building to create new open space at Aileen Avenue Park; and (ii) disposal of the Bentleigh Youth Centre as part of the Bentleigh Library and Youth Hub works. <p>These amounts are difficult to predict when the budget is set.</p> |
| | <p>(j) Other expenses — Includes provision for doubtful debts for parking infringement debtors, court lodgements, short term leases and rentals, and councillor allowances.</p> <p>Other expenses are lower than budget by \$941k mainly relating to the provision for parking infringement debtors (\$868k) and court lodgement fees (\$234k).</p> |

Note 2.1 Performance against budget (continued)

| 2.1.2 Capital works | Budget 2022 \$ '000 | Actuals 2022 \$ '000 | Variance \$ '000 | Variance % | Ref |
|---|------------------------------------|-------------------------------------|-----------------------------|-----------------------|------------|
| Property | | | | | |
| Land | 7,000 | 10,776 | (3,776) | (54%) | (k) |
| Buildings | 34,029 | 12,708 | 21,320 | 63% | (l) |
| Total property | 41,029 | 23,484 | 17,545 | 43% | |
| Plant and equipment | | | | | |
| Plant, machinery and equipment | 1,845 | 785 | 1,059 | 57% | (m) |
| Computers and telecommunications | 2,193 | 1,199 | 994 | 45% | (n) |
| Library books, materials and equipment | 1,200 | 1,088 | 112 | 9% | |
| Other plant and equipment | 286 | 231 | 55 | 19% | |
| Total plant and equipment | 5,524 | 3,303 | 2,220 | 40% | |
| Infrastructure | | | | | |
| Roads | 7,169 | 5,630 | 1,539 | 21% | (o) |
| Footpaths | 2,805 | 2,917 | (112) | (4%) | |
| Drainage | 3,500 | 2,984 | 516 | 15% | |
| Open space | 8,398 | 6,597 | 1,800 | 21% | (p) |
| Car parks | 1,209 | 451 | 758 | 63% | |
| Streetscape works | 3,012 | 87 | 2,925 | 97% | (q) |
| Total infrastructure | 26,093 | 18,667 | 7,425 | 28% | |
| Total new capital works expenditure | 72,645 | 45,454 | 27,190 | 37% | |
| Carried forward projects from previous year | 10,000 | 9,088 | 912 | 9% | |
| Total capital works expenditure (including carry forwards) | 82,645 | 54,542 | 28,102 | 34% | |
| Represented by: | | | | | |
| Asset renewal expenditure | 25,670 | 12,042 | 13,628 | 53% | |
| Asset upgrade expenditure | 29,907 | 15,405 | 14,502 | 48% | |
| Asset expansion expenditure | 4,134 | 3,217 | 917 | 22% | |
| New asset expenditure | 22,934 | 23,878 | (944) | (4%) | |
| Total capital works expenditure | 82,645 | 54,542 | 28,102 | 34% | |

Note 2.1 Performance against budget (continued)

Financial impact of COVID-19

Council's capital works program has been underspent during the year due to the restrictions of COVID-19 impacting the availability of contractors and the supply of materials.

Explanation of material variations — statement of capital works

| Variance reference | Explanation |
|--------------------|---|
| | <p>(k) Land — comprises acquisition of parcels of land.</p> <p>Land was over budget by \$3.78m due to purchasing opportunities that arose during the financial year. Council acquired six parcels of land in Bentleigh, Bentleigh East and Carnegie in line with Council's <i>Open Space Strategy</i>.</p> <p>The purchase of these properties will extend the play, recreation and sporting facilities for the community. These acquisitions have been funded by open space contributions.</p> |
| | <p>(l) Buildings — comprising buildings and building improvements, upgrade and renewal of community facilities; Municipal offices; sports facilities; and pavilions.</p> <p>Buildings were underspent by \$21.3m mainly due to projects that were incomplete at year end. These include:</p> <ul style="list-style-type: none"> (i) Carnegie Memorial Swimming Pool (\$17.6m); (ii) Bentleigh Library and Youth Hub Redevelopment (\$1.5m); (iii) Murrumbeena Community Hub (\$1.1m); and (iv) Lord Reserve Pavilion (\$1m). <p>All unspent funds will be carried forward to the 2022-23 financial year.</p> |
| | <p>(m) Plant, machinery and equipment — is underspent by \$1.06m due to delays in delivery of ordered fleet, plant and new equipment as a result of manufacturing and delivery delays.</p> |
| | <p>(n) Computers and telecommunications — is underspent by \$994k mainly due to hardware unable to be delivered by year end. This includes:</p> <ul style="list-style-type: none"> (i) General hardware renewals (\$371k); and (ii) Aged Care communications system (\$390k). <p>Unspent funds will be carried forward into 2022-23.</p> |
| | <p>(o) Roads — is underspent by \$1.54m due to works across the municipality unable to be completed. Delays have occurred with delivery of materials and where works need to be aligned with other utility and service providers. The underspend will be carried forward to the 2022-23 financial year.</p> |
| | <p>(p) Open space — includes Open Space Strategy initiatives; parks; playing surfaces; and playground equipment. The following projects have been delayed with completion anticipated in the first quarter of 2022-23:</p> <ul style="list-style-type: none"> (i) Princes Park Playspace upgrade (\$356k); (ii) Caulfield Park Masterplan implementation (\$329k); and (iii) Lord Reserve and Koornang Park Masterplan (\$231k). <p>The underspent amounts will be carried forward to the 2022-23 financial year.</p> |
| | <p>(q) Streetscape works — relates to development and beautification of the municipality's streets and shopping precincts.</p> <p>Streetscapes are under budget by \$2.93m mainly due to the Bentleigh Eat Street Plaza project which was delayed due to COVID-19 (\$2.21m). Funding will be carried forward to the 2022-23 financial year.</p> |

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 City Management

City Management includes the Chief Executive Office. Other areas include people and culture who manage strategic and operational human resource functions, activities, programs, and strategies. The directorate also includes media and communications and the transformation and corporate reporting who provides strategic, analytical and customer experience driven services.

Community Wellbeing

Community Wellbeing provides high quality community focused programs, service delivery and communication to residents. Community Wellbeing is comprised of community development and care, family and children services, libraries and arts and residential care.

Corporate Services

Corporate Services provides support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes finance services, information and communication technology, building and property services, procurement, customer service, councillor support, governance, legal services and risk management.

Community Assets and Leisure

Community Assets and Leisure is responsible for a range of services to support the Glen Eira community by constructing new infrastructure and maintaining existing community assets. These services include leisure, recreation and open space, capital works engineering, works depot, parks services and specialist project management and delivery.

Planning, Place and Sustainability

Planning, Place and Sustainability covers development assessments and enforcement, environmental health, local laws, prosecutions, planning policy and strategy, climate and sustainability, and road safety and enforcement.

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

| 2022 | Income | Expenses | Surplus / (deficit) | Grants included in income | Total assets |
|------------------------------------|----------------|----------------|------------------------|---------------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| City Management | 13 | 7,862 | (7,849) | 3 | 1,735 |
| Community Wellbeing | 21,227 | 38,478 | (17,251) | 16,341 | 188,054 |
| Corporate Services * | 118,243 | 54,576 | 63,667 | 14,578 | 80,742 |
| Community Assets and Leisure ** | 9,080 | 30,807 | (21,727) | 1 | 2,564,141 |
| Planning, Place and Sustainability | 39,894 | 42,500 | (2,606) | 1,802 | 7,731 |
| | 188,457 | 174,223 | 14,234 | 32,725 | 2,842,403 |
| 2021 | Income | Expenses | Surplus / (deficit) | Grants included in income | Total assets |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| City Management *** | 6,654 | 12,239 | (5,585) | 6,654 | 1,372 |
| Community Wellbeing | 27,262 | 52,121 | (24,859) | 18,060 | 195,408 |
| Corporate Services | 109,059 | 55,009 | 54,050 | 8,106 | 95,436 |
| Infrastructure and Open Space **** | 1,700 | 21,352 | (19,652) | 678 | 2,292,613 |
| Planning, Place and Sustainability | 34,283 | 37,721 | (3,438) | 1,308 | 6,861 |
| | 178,958 | 178,442 | 516 | 34,806 | 2,591,690 |

* Includes depreciation, amortisation, capital grants and share of net surplus of joint operations.

** Includes Glen Eira Leisure previously included in Community Wellbeing in 2020-21.

*** Includes Working for Victoria Fund (income and expenses).

**** Infrastructure and Open Space changed to Community Assets and Leisure in 2021-22.

| | |
|----------------|----------------|
| 2022 | 2021 |
| \$ '000 | \$ '000 |

Note 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses Net Annual Value (NAV) as the basis of rating of all properties within the municipal district. For residential properties, NAV is fixed at five per cent of the Capital Improved Value (CIV). For all other properties, the NAV is the current value of a property's net annual rent i.e. gross annual rental less all outgoings — such as land tax, building insurance and maintenance costs, (but excluding Council rates) and is a minimum of five per cent.

The valuation base used to calculate general rates for 2021–22 was \$3,686m (2020–21: \$3,565m). The 2021–22 rate in the dollar was 2.7882 cents (2020–21: 2.769 cents).

| | | |
|--|---------|--------|
| Municipal rates | 101,627 | 98,024 |
| Waste and recycling charges | 22,909 | 20,459 |
| Supplementary rates and rate adjustments * | 430 | 1,695 |

| | | |
|--------------------------------|----------------|----------------|
| Total rates and charges | 124,966 | 120,178 |
|--------------------------------|----------------|----------------|

The date of the general revaluation of land for rating purposes within the municipality for 2021-22 was 1 January 2021, and the valuation was applied to the rating period 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.

* Supplementary valuations relates to planning or building changes to a property such as the construction, demolition or extension of a dwelling, or the subdivision of land. The reduction in income from 2020-21 to 2021-22 relates to the building and construction industry being generally delayed, leading to lower supplementary valuations being conducted.

3.2 Statutory fees and fines

| | | |
|--------------------------------|-------|-------|
| Parking infringements * | 4,887 | 1,969 |
| Building and planning fees | 1,727 | 1,821 |
| Registration fees * | 559 | - |
| Property information | 299 | 256 |
| Land information certificates | 197 | 161 |
| Other statutory fees and fines | 122 | 206 |

| | | |
|---------------------------------------|--------------|--------------|
| Total statutory fees and fines | 7,791 | 4,413 |
|---------------------------------------|--------------|--------------|

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

* In 2019-20 and 2020-21, Council endorsed a Response and Recovery Package which included waiving of registration fees and relaxation of parking restrictions and enforcement for essential goods pick-ups in and around activity centres due to COVID-19. As a result of the package ending during 2021-22, a significant increase in Statutory Fees and Fines was realised.

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$ '000 | \$ '000 |

Note 3 Funding for the delivery of our services (continued)

3.3 User fees

| | | |
|---|---------------|---------------|
| Glen Eira Leisure services | 7,046 | 3,732 |
| Family and early learning centres | 1,827 | 1,462 |
| Animal registrations and local laws | 1,786 | 1,443 |
| Aged and health services | 1,684 | 2,642 |
| Building and planning services | 1,355 | 896 |
| Community care and development | 740 | 701 |
| Other user fees and charges | 412 | 561 |
| Road openings and reinstatements | 362 | 332 |
| Council facilities hire | 358 | 217 |
| Parking meter fees | 188 | 113 |
| Waste and sustainability | 176 | 161 |
| Footpath rentals * | 167 | - |
| State Revenue Office — valuation recoupment | 35 | 241 |
| Total user fees ** | 16,136 | 12,501 |

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.

* As part of Council's COVID-19 Response and Recovery Package, footpath rentals were waived during 2020-21.

** User fees increased in 2021-22 due to a reduction in mandated COVID-19 closures across service areas compared with the previous financial year.

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
| 3.4 Funding from other levels of government | | |
| Grants were received in respect of the following: | | |
| Summary of grants | | |
| Commonwealth funded grants | 19,514 | 13,984 |
| State funded grants | 13,211 | 20,822 |
| Total grants received | 32,725 | 34,806 |
| (a) Operating grants | | |
| Recurrent — Commonwealth Government | | |
| Aged care | 5,465 | 6,939 |
| Family and early learning centres | 1,448 | 1,888 |
| Family day care | 522 | 782 |
| Victorian Grants Commission — general purpose * | 4,492 | 3,216 |
| Victorian Grants Commission — local roads * | 913 | 656 |
| Recurrent — State Government | | |
| Community care and development | 5,453 | 5,268 |
| Immunisation | 135 | 135 |
| Libraries and learning centres | 1,024 | 990 |
| Maternal and child health | 1,492 | 1,364 |
| Other recurrent operating grants | 68 | 81 |
| School crossing supervisors | 426 | 417 |
| Senior citizens | 84 | 80 |
| Social support | 676 | 587 |
| Total recurrent operating grants | 22,198 | 22,403 |
| * During the year, the Commonwealth Government announced prepayments of Council's Victorian Grants Commission funding for 2022–23. The amount of \$3.27m (75 per cent of the grant) was received for financial assistance and local roads funding in the 2021–22 financial year. | | |
| Non-Recurrent — State Government | | |
| COVID Relief Program | 3 | 40 |
| Digital Marketing Literacy Strategy Program | 60 | - |
| Electric Vehicle Fleet Business Case and Transition Plan | 86 | - |
| Local Government Business Concierge and Hospitality Support Program | 120 | 120 |
| Women Building Surveyors Program | 75 | 75 |
| Working for Victoria Fund | - | 6,614 |
| Total non-recurrent operating grants | 344 | 6,849 |
| Total operating grants | 22,542 | 29,252 |

| | 2022 \$ '000 | 2021 \$ '000 |
|---|-----------------|-----------------|
| 3.4 Funding from other levels of government (continued) | | |
| (b) Capital grants | | |
| Recurrent — Commonwealth Government | | |
| <i>Roads to Recovery Program</i> | 424 | 42 |
| Total recurrent capital grants | 424 | 42 |
| Non-recurrent — Commonwealth Government | | |
| Commuter Car Park Upgrade | 1,000 | - |
| <i>Local Roads & Community Infrastructure Program</i> | 2,198 | 381 |
| Murrumbeena Park Pavilion and community hub development | 3,000 | - |
| Packer Park sports ground lighting upgrade | - | 30 |
| Rosanna Street pathway lighting | 50 | 50 |
| Non-recurrent — State Government | | |
| <i>Active and Socially Connected Schools Program</i> | - | 10 |
| Aileen Avenue, Caulfield South - new local park | 650 | - |
| Bailey Reserve lighting upgrade | - | 25 |
| Bentleigh East Kindergarten upgrade | - | 17 |
| Carnegie community space | - | 100 |
| Caulfield Park cricket net multipurpose training facility | - | 130 |
| Caulfield Park Oval 2 Lighting Project | 107 | - |
| Caulfield Station Precinct structure plan — streamlining for growth | - | 200 |
| Centenary Park lighting upgrade | 40 | 17 |
| <i>Changing Places Program</i> | 110 | - |
| <i>Community Climate Change and Climate Action Program</i> | 5 | - |
| Community Sports Infrastructure Fund | 900 | 20 |
| Duncan MacKinnon Reserve community fitness facility | 14 | 127 |
| EAT Street Bentleigh Plaza public realm improvement project | 325 | - |
| Hodgson Reserve multi-faceted adolescent play space | - | 25 |
| Kerbside Reform Support Fund | 181 | - |
| Koornang Park Cricket Net Multipurpose Training Nets | 44 | - |
| Koornang Park Pavilion upgrade | - | 900 |
| <i>Liveable Communities Liveable Waterways Program</i> | - | 40 |
| <i>Living Libraries Program - Bentleigh Library</i> | - | 1,000 |
| Local councils outdoor eating and entertainment package | 825 | 500 |
| Lord Reserve cricket net multipurpose training facility | - | 27 |
| Lord Reserve Pavilion upgrade | 150 | 900 |
| Mackie Road Reserve Pavilion female friendly facilities | - | 83 |
| Mckinnon Reserve playspace upgrade | - | 23 |
| Murrumbeena Park Pavilion and community hub development | - | 600 |
| Rosanna Street playground upgrade | 150 | 150 |
| Tobacco inspection | 10 | 9 |
| Victorian recycling market temporary relief | - | 126 |
| Victory Park Pavilion female friendly facilities redevelopment | - | 22 |
| Total non-recurrent capital grants | 9,759 | 5,512 |
| Total capital grants | 10,183 | 5,554 |

| | | |
|--|---------|---------|
| | 2022 | 2021 |
| | \$ '000 | \$ '000 |

3.4 Funding from other levels of government (continued)**(c) Unspent grants received on condition that they be spent in a specific manner**

Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:

Operating

| | | |
|---|--------------|--------------|
| Balance at start of year | 2,009 | 2,077 |
| Received during the financial year and remained unspent at balance date | 3,274 | 2,009 |
| Received in prior years and spent during the financial year | (2,009) | (2,077) |
| Balance at year end | 3,274 | 2,009 |

Capital

| | | |
|---|----------|--------------|
| Balance at start of year | 1,140 | 1,300 |
| Received during the financial year and remained unspent at balance date | - | - |
| Received in prior years and spent during the financial year | (1,140) | (160) |
| Balance at year end | - | 1,140 |

(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.

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

| | | |
|---|---------------|---------------|
| General purpose | 22,542 | 29,252 |
| Specific purpose grants to acquire non-financial assets | 10,183 | 5,554 |
| | 32,725 | 34,806 |

3.5 Other income

| | | |
|--------------------------------------|--------------|--------------|
| Rentals and leases | 1,009 | 842 |
| Other income * | 475 | 130 |
| Interest | 217 | 186 |
| Licences and permits — Linear Park** | 184 | - |
| Volunteer services — delivered meals | 155 | 98 |
| Total other income | 2,040 | 1,256 |

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.

* Other income includes reimbursement for grade separation works undertaken by Council during 2021-22.

** Council entered in to a licence agreement with the State of Victoria through the Level Crossing Removal Project to maintain the section of Linear Park within the municipal boundary. Funding has been provided to Council for the maintenance and upkeep of the non-rail infrastructure by the third parties. Refer to note 5.3(c).

3.6 Contributions — monetary

| | | |
|---------------------------------------|--------------|--------------|
| Public open space * | 4,387 | 5,804 |
| Total contributions — monetary | 4,387 | 5,804 |

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

* Public open space fees received during the year are transferred to other reserves pursuant to section 18 of the *Subdivision Act 1988* (public open space reserve). Refer to note 9.1(b).

| | Notes | 2022 \$ '000 | 2021 \$ '000 |
|--|-------|-----------------|-----------------|
|--|-------|-----------------|-----------------|

Note 4 The cost of delivering services

4.1 Employee costs

| | | | |
|---------------------------------------|--|---------------|---------------|
| Wages and salaries | | 64,167 | 65,544 |
| Superannuation (refer to note 4.1(a)) | | 6,935 | 6,917 |
| Working for Victoria Fund * | | - | 5,179 |
| Annual leave | | 5,725 | 5,832 |
| Long service leave | | 958 | 1,565 |
| WorkSafe | | 688 | 410 |
| Other employee costs | | 756 | 818 |
| Fringe benefits tax | | 131 | 89 |
| Total gross employee costs | | 79,360 | 86,354 |

| | | | |
|---------------------------------|-----|---------------|---------------|
| Capitalised salaries | 9.2 | (2,291) | (2,412) |
| Total net employee costs | | 77,069 | 83,942 |

* Relates to the Working for Victoria initiative. The aim of the Fund was to match displaced workers with casual and short-term employment opportunities. Employees in these positions supported delivery of critical community services to support the government coronavirus (COVID-19) response by undertaking activities such as: community outreach and programs, cleaning of public areas, local business support; maintenance of local facilities and administration support. The total cost of the program was \$6.6m which comprised of labour costs and materials and services.

(a) Superannuation

Council made contributions to the following funds:

Defined benefit plans

| | | |
|--|------------|------------|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 161 | 199 |
| | 161 | 199 |

Accumulation funds

| | | |
|--|--------------|--------------|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 4,017 | 4,044 |
| Employer contributions to HESTA | 775 | 846 |
| Employer contributions to other funds | 1,982 | 1,828 |
| | 6,774 | 6,718 |

| | | |
|--|------------|------------|
| Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date (accumulation fund) | 436 | 384 |
| | 436 | 384 |

Summary

| | | |
|---|--------------|--------------|
| Employer contributions paid at reporting date | 6,935 | 6,917 |
| Employer contributions payable at reporting date | 436 | 384 |

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

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
| 4.2 Materials and services | | |
| Waste management contract services | 20,849 | 18,483 |
| Maintenance | 6,743 | 6,478 |
| Corporate contract services | 6,449 | 5,926 |
| Materials and consumables | 4,235 | 4,108 |
| Utilities | 4,025 | 4,185 |
| Parks and grounds contract maintenance | 3,705 | 4,358 |
| Traffic and parking contract services | 3,209 | 2,993 |
| Other contract services | 2,662 | 1,689 |
| Agency staff contract services | 1,599 | 1,262 |
| Community wellbeing contract services | 1,399 | 1,457 |
| Insurance | 1,396 | 1,106 |
| Community grants and subsidies | 1,121 | 1,144 |
| City strategy and place planning services | 802 | 361 |
| Roads and engineering contract services | 767 | 529 |
| Training and development | 596 | 589 |
| Costs of outdoor parklets funded by Outdoor Eating and Entertainment Package | 572 | 336 |
| Transformation and corporate reporting contract services | 564 | 350 |
| Building and urban planning contract services | 453 | 516 |
| Divestment of residential aged care facilities | 68 | 55 |
| Election costs | 16 | 533 |
| Working for Victoria Fund * | - | 1,293 |
| COVID-19 relief grants ** | - | 1,087 |
| Total materials and services | 61,230 | 58,838 |

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

* Relates to costs associated with the Working for Victoria initiative. Employees in these positions supported delivery of critical community services to support the government coronavirus (COVID-19) response by undertaking activities such as: community outreach and programs, cleaning of public areas, local business support; maintenance of local facilities and administration support. Expenses included cleaning costs, tools, equipment and vehicle hire.

** Relates to COVID-19 relief grants for:

- community grants for community-based not-for-profit groups and organisations that service the Glen Eira community; and
- business grants for small business support to increase their capacity to reach existing and new markets through online technology and e-commerce.

4.3 Depreciation

| | | |
|---------------------------|---------------|---------------|
| Infrastructure | 15,271 | 14,655 |
| Plant and equipment | 3,667 | 3,916 |
| Property | 5,506 | 5,489 |
| Total depreciation | 24,444 | 24,060 |

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

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
|--|-----------------|-----------------|

4.4 Amortisation — intangible assets

| | | |
|---|------------|------------|
| Software | 923 | 787 |
| Total amortisation — intangible assets | 923 | 787 |

4.5 Amortisation — right of use assets

| | | |
|---|--------------|--------------|
| Property | 891 | 858 |
| Equipment | 171 | 149 |
| Total Amortisation — right of use assets | 1,062 | 1,007 |

4.6 Net loss on sale/disposal of property, infrastructure, plant and equipment

| | | |
|--|---------|-------|
| Proceeds of sale | 654 | 231 |
| Written down value (WDV) of assets disposed (refer to note 6.2)* | (3,201) | (854) |
| Disposal costs for laneway sales | (26) | (25) |
| Discontinued capital works projects ** | (26) | (481) |

| | | |
|---|----------------|----------------|
| Total net loss on sale/disposal of property, infrastructure, plant and equipment | (2,599) | (1,129) |
|---|----------------|----------------|

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer. The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The carrying amount of an asset is derecognised on the disposal of the asset.

* Relates to the demolition of buildings as part of the 2021-22 Capital Works Program. This includes removal of a building to create new open space at Aileen Avenue Park and disposal of the Bentleigh Youth Centre – this service will move into the upgraded Bentleigh Library once complete.

** Relates to the write-off of design/feasibility costs on capital works projects that did not proceed.

4.7 Borrowing costs

| | | |
|------------------------------|------------|------------|
| Interest — borrowings | 190 | 308 |
| Interest — equipment lease | 17 | 5 |
| Total borrowing costs | 207 | 313 |

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

4.8 Finance costs — leases

| | | |
|------------------------------|------------|------------|
| Interest — lease liabilities | 192 | 191 |
| Total finance costs | 192 | 191 |

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
| 4.9 Other expenses | | |
| Bad and doubtful debts * | 1,423 | 677 |
| Other expenses | 791 | 554 |
| COVID-19 pandemic prevention expenses ** | 678 | 1,699 |
| Environmental initiatives | 503 | 245 |
| Court lodgement fees | 436 | 170 |
| Councillors' allowances | 430 | 364 |
| Program costs | 361 | 449 |
| Memberships and subscriptions | 311 | 329 |
| Leasing | 280 | 236 |
| Advertising | 200 | 191 |
| Licences and registrations | 163 | 155 |
| Rentals | 138 | 137 |
| Document storage | 121 | 105 |
| Laundry fees | 106 | 76 |
| Animal registrations and levies | 81 | 74 |
| Emergency planning costs | 76 | 86 |
| VicRoads extracts | 72 | 19 |
| Interest payable on aged care deposits | 49 | 67 |
| Working for Victoria Fund *** | - | 82 |
| Auditors remuneration | | |
| Internal auditors | 136 | 131 |
| External auditors — VAGO — audit of the Financial Statements, Performance Statement and grant acquittals | 86 | 67 |
| Other auditors remuneration costs | 56 | 31 |
| Total other expenses | 6,497 | 5,944 |

* The increase in bad and doubtful debts is related to the higher levels of parking infringement income during the year.

** Relates to pandemic prevention expenses associated with COVID-19 and includes: personal protective equipment and clothing, cleaning materials such as: sanitisers, gloves, cleaning products and other prevention materials.

*** Relates to costs associated with the Working for Victoria Fund initiative. Employees in these positions supported delivery of critical community services to support the government coronavirus (COVID-19) response by undertaking activities such as: community outreach and programs, cleaning of public areas, local business support; maintenance of local facilities and administration support. Expenses included cleaning costs, tools, equipment and vehicle hire.

| | |
|---------|---------|
| 2022 | 2021 |
| \$ '000 | \$ '000 |

Note 5 Our financial position

5.1 Financial Assets

(a) Cash and cash equivalents

Current

| | | |
|--------------------------|--------|--------|
| Cash at bank and on hand | 45,581 | 28,232 |
| Term deposits | - | 6,004 |

| | | |
|--|---------------|---------------|
| Total cash and cash equivalents | 45,581 | 34,236 |
|--|---------------|---------------|

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

(b) Other financial assets

Current

| | | |
|--|---|--------|
| Term deposits (maturity greater than three months) | - | 30,000 |
|--|---|--------|

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.

Non-current

| | | |
|-------------------------------|---|---|
| MAPS shareholding — at cost * | 5 | 5 |
|-------------------------------|---|---|

* 5,020 shares were issued on 17 May 1995. These shares are held with MAPS Group Ltd trading as Procurement Australasia Ltd.

| | | |
|-------------------------------|---------------|---------------|
| Total financial assets | 45,586 | 64,241 |
|-------------------------------|---------------|---------------|

Other financial assets are valued at fair value, being market 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.

(c) Restricted funds

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

| | | |
|---|-----------------|-----------------|
| Trust funds and deposits (note 5.3(b)) | (25,692) | (30,195) |
| Unearned income (note 5.3(c)) | (5,185) | (4,515) |
| Public open space reserve (note 9.1(b)) * | (19,607) | (26,260) |
| Total restricted funds | (50,484) | (60,970) |

| | | |
|---|----------------|--------------|
| Total unrestricted cash and cash equivalents | (4,903) | 3,266 |
|---|----------------|--------------|

* Council's Public Open Space Reserve is the net result of open space contributions and expenditure as at 30 June. It is Council's intention the reserve will be utilised in future years and not all due within the next 12 months.

Intended allocations

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

| | | |
|--|----------|---------------|
| Cash held to fund carried forward capital works | - | 10,000 |
| Total funds subject to intended allocations | - | 10,000 |

2022 2021
\$ '000 \$ '000

Note 5 Our financial position (continued)

(d) Trade and other receivables

Current

Statutory receivables

| | | |
|--|---------|---------|
| Rates debtors * | 14,101 | 12,161 |
| Parking infringement debtors — Council | 1,024 | 556 |
| Parking infringement debtors — Fines Victoria | 9,970 | 9,157 |
| Provision for doubtful debts — parking infringements | (9,075) | (8,297) |
| Net GST Receivable | 2,141 | 1,513 |
| Fire services property levy | 1,594 | 1,362 |

Non-statutory receivables

| | | |
|--|-------|-------|
| Other trade receivables ** | 3,050 | 2,827 |
| Provision for doubtful debts — other trade receivables | (83) | (54) |

Total trade and other receivables **22,722** **19,225**

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.

* As part of Council's support to ratepayers during the pandemic, Council offered a deferral of rates during 2019-20 and 2020-21 and a Hardship Rates Relief Package during 2021-22. No interest charges were applied for late payments from 16 March 2020 to 30 June 2022.

** Other trade receivables are amounts due to Council for the provision of other services such as residential aged care, early learning centres, leisure and recreational facilities.

(i) Ageing of trade and other receivables

At balance date other debtors representing financial assets were past due but not impaired. The ageing of Council's other trade receivables (excluding statutory receivables) was:

| | | |
|--|--------------|--------------|
| Current (not yet overdue) | 2,429 | 2,419 |
| Past due by up to 30 days | 212 | 162 |
| Past due between 31 and 180 days | 409 | 246 |
| Total trade and other receivables | 3,050 | 2,827 |

(ii) Movements in provisions for doubtful debts

| | | |
|--|----------------|----------------|
| Balance at the beginning of the year | (8,351) | (8,406) |
| (Increase) / decrease in provisions recognised during the year | (807) | 55 |
| Balance at end of year | (9,158) | (8,351) |

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

Note 5 Our financial position (continued)

5.2 Non-financial assets

(a) Other assets

Current

| | | |
|---------------------------|--------------|--------------|
| Accrued income | 85 | 51 |
| Property deposits* | 1,224 | - |
| Prepayments | 1,812 | 1,919 |
| Total other assets | 3,121 | 1,970 |

* Property deposits relates to the acquisition of parcels of land in line with Council's *Open Space Strategy*. These deposits will be recognised in Council's Capital Works Statement once the final settlement has occurred. The settlements for these property acquisitions are expected to occur during the 2022-23 and 2023-24 financial years.

5.2 (b) Intangible assets

| | | |
|--|--------------|--------------|
| Computer software and licences — at cost | 9,600 | 8,987 |
| Accumulated amortisation | (7,088) | (6,165) |
| Total intangible assets | 2,512 | 2,822 |

Movements for the year

| | | |
|---|--------------|--------------|
| Computer software and licences — as at 1 July | 2,822 | 2,629 |
| Additions | 613 | 980 |
| Amortisation expense | (923) | (787) |
| Net book value at 30 June | 2,512 | 2,822 |

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.

Refer note 6.2 table for amortisation period and threshold limit.

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

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

(a) Trade and other payables

Current

Non-statutory payables

| | | |
|---------------------------------------|---------------|---------------|
| Trade payables * | 12,148 | 9,111 |
| Accrued expenses | 5,974 | 5,323 |
| Total trade and other payables | 18,122 | 14,434 |

* Trade payables have increased due to higher volumes of operating and capital invoices received as at 30 June.

(b) Trust funds and deposits

Current

| | | |
|--|---------------|---------------|
| Residential aged care bonds and deposits | 5,073 | 6,644 |
| Refundable deposits | 6,834 | 6,093 |
| Fire services property levy | 1,949 | 1,794 |
| COVID-19 business support refunds | - | 161 |
| | 13,856 | 14,692 |

Current — expected to be refundable after 12 months

| | | |
|--|---------------|---------------|
| Residential aged care bonds and deposits | 11,836 | 15,503 |
| | 11,836 | 15,503 |

| | | |
|---------------------------------------|---------------|---------------|
| Total trust funds and deposits | 25,692 | 30,195 |
|---------------------------------------|---------------|---------------|

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 the forfeit.

Purpose and nature of items:

Residential aged care bonds and deposits — relate to resident accommodation bonds and deposits for Council's nursing home at Warrawee. These amounts are to be refunded (less retention income) when residents leave the facility. Council forecasts that 30 per cent (2020–21: 30 per cent) of residential aged care bonds and deposits will fall due within 12 months after the end of the period.

Refundable deposits — are taken by Council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Fire services property levy — Council is the collection agent for the fire services property 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.

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

5.3 Payables (continued)

(c) Unearned income

Current

| | | |
|--|-------|-------|
| Grants received in advance — operating | - | 310 |
| Grants received in advance — capital * | 739 | 4,205 |
| Revenue received in advance ** | 4,446 | - |

| | | |
|------------------------------|--------------|--------------|
| Total unearned income | 5,185 | 4,515 |
|------------------------------|--------------|--------------|

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

* Capital grants

(i) *Local Roads and Community Infrastructure Program* (Phase Three) (\$424k). Phase three of the LRCI Program will run from 1 January 2022 to 30 June 2023 with projects required to be physically completed by 31 December 2023. The extension of the LRCI Program is a temporary, targeted stimulus measure responding to the economic impacts of the COVID-19 pandemic.

(ii) 2022 Community Cricket Program *Community Facilities Stream* for Murrumbeena Park Cricket Multipurpose Facility (\$90k). Construction of a new multipurpose training facility at Murrumbeena Park in Murrumbeena, providing a five bay cricket and netball multipurpose facility to benefit the Murrumbeena Cricket Club, Murrumbeena Football Netball Club and local community.

(iii) Centenary Park Playspace Upgrade (\$225k). Funding received for the construction of a basketball/netball half court (acrylic surface), a basketball half court (synthetic turf to existing cricket net training facility) and seating areas at Centenary Park.

** Revenue received in advance

Council entered into an agreement with the State of Victoria through the Level Crossing Removal Project to maintain the section of Linear Park within the municipal boundary. This is a ten year agreement with the full payment received in advance (\$4.45m). Income will be recognised as the contractual obligations are fulfilled.

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| 5.4 Interest-bearing liabilities | | |
| Current | | |
| Bank borrowings — secured | 3,811 | 3,806 |
| | 3,811 | 3,806 |
| Non-current | | |
| Bank borrowings — secured | - | 3,811 |
| Treasury Corporation of Victoria borrowings - secured* | 3,331 | - |
| | 3,331 | 3,811 |
| Total | 7,142 | 7,617 |
| All borrowings are secured over the General Rates of Council. | | |

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

| | | |
|---|--------------|--------------|
| Not later than one year | 3,811 | 3,806 |
| Later than one year and not later than five years | 3,331 | 3,811 |
| | 7,142 | 7,617 |

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 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 the 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. Council determines the classification of its interest-bearing liabilities at initial recognition.

* Treasury Corporation of Victoria (TCV) Borrowings

On the 4 February 2020, Council resolved to approve the lodgement of an application for a loan of \$10m under the *2019 Community Infrastructure Loans Scheme* for the Eat Street Community Space Project and the Bentleigh Library redevelopment.

As at 30 June 2022, Council has drawn down \$3.33m from this loan, on an interest only basis for the construction of the Bentleigh Library and Youth Hub redevelopment project. It is Council's intention that the loan will be converted in to a fixed loan agreement at a future date post 30 June 2023.

5.5 Provisions

| 2022 | Annual leave | Long service leave | Sick leave | Total |
|---|-----------------|--------------------------|----------------|----------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Balance at beginning of the financial year | 6,118 | 11,931 | 7 | 18,056 |
| Additional provisions | 5,719 | 905 | (4) | 6,620 |
| Amounts used | (6,065) | (1,783) | - | (7,848) |
| Increase in the discounted amount arising because of time and the effect of any change in the discount rate | - | (81) | - | (81) |
| Balance at the end of the financial year | 5,772 | 10,972 | 3 | 16,747 |
| 2021 | | | | |
| Balance at beginning of the financial year | 5,202 | 11,813 | 9 | 17,024 |
| Additional provisions | 6,245 | 1,613 | (2) | 7,856 |
| Amounts used | (5,329) | (1,517) | - | (6,846) |
| Increase in the discounted amount arising because of time and the effect of any change in the discount rate | - | 22 | - | 22 |
| Balance at the end of the financial year | 6,118 | 11,931 | 7 | 18,056 |
| | | | 2022 | 2021 |
| | | | \$ '000 | \$ '000 |
| Employee provisions | | | | |
| Current provisions expected to be wholly settled within 12 months | | | | |
| Annual leave | | | 4,278 | 4,577 |
| Long service leave | | | 1,387 | 1,287 |
| Sick leave | | | 3 | 7 |
| | | | 5,668 | 5,871 |
| Current provisions expected to be wholly settled after 12 months | | | | |
| Annual leave | | | 1,495 | 1,542 |
| Long service leave | | | 8,610 | 9,245 |
| | | | 10,105 | 10,787 |
| Total current provisions | | | 15,773 | 16,658 |
| Non-current | | | | |
| Long service leave | | | 974 | 1,398 |
| Total non-current provisions | | | 974 | 1,398 |
| Aggregate carrying amount of employee provisions: | | | | |
| Current provisions | | | 15,773 | 16,658 |
| Non-current provisions | | | 974 | 1,398 |
| Total aggregate carrying amount of employee provisions | | | 16,747 | 18,056 |

5.5 Provisions (continued)

The following assumptions were adopted in measuring the present value of employee benefits:

| | 2022 | 2021 |
|---|-------------|-------------|
| Weighted average increase in employee costs | 2.50% | 2.50% |
| Weighted average discount rates | 3.69% | 1.49% |
| Weighted average settlement period | 14.20 years | 14.17 years |

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

Wages, salaries and annual leave

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

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at 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.

Current liability — unconditional LSL representing seven years' service is disclosed as a current liability even when Council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at:

- present value — component that is not expected to be settled within 12 months.
- nominal value — component that is expected to be settled within 12 months.

Non-current liability — conditional LSL representing less than seven years' service is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

Non-current LSL liability is measured at present value.

Sick leave

It was the former City of Caulfield's policy to make payments equivalent to 50 per cent of unused sick leave to some sections of its workforce on their retirement due to age or disability. This became payable after completing five years of service. There are no new entrants into the scheme since award restructuring in 1991. Provision for the estimated amount of this benefit for eligible employees is shown in note 5.5 as a current provision. Liability is measured at nominal value.

5.6 Financing Arrangements

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

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
| Credit card facilities | 200 | 200 |
| Other facilities — bank guarantees | 321 | 321 |
| Treasury Corporation of Victoria loan facilities * | 10,000 | - |
| Total facilities | 10,521 | 521 |
| Used facilities (note 5.4) | (3,331) | - |
| Unused facilities | 7,190 | 521 |

* Council has received \$10m loan approval under the 2019 *Community Infrastructure Loans Scheme* for the Eat Street Community Space Project and the Bentleigh Library and Youth Hub redevelopment.

5.7 Commitments

Council has entered into the following commitments:

Operating expenditure commitments — includes provision for the following: banking facilities; street cleaning; parking services; archival storage; cleaning services; audit services; agency staff; publications; telecommunications; delivered meals; litter bin collection; cleaning of public toilets; garbage collection; recyclables collection; green waste collection; building maintenance services; traffic management; and engineering services.

Capital expenditure commitments — includes provision for the following: land; park redevelopments; pavilion works; building improvements; landscaping; streetscape works; plant and equipment and road works.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

(a) Commitments for expenditure

| 2022 | Not later than 1 year \$ '000 | Later than 1 year but less than 2 years \$ '000 | Later than 2 years but less than 5 years \$ '000 | Later than 5 years \$ '000 | Total \$ '000 |
|---|--|---|---|----------------------------------|------------------|
| Operating | | | | | |
| Cleaning services | 1,677 | 850 | - | - | 2,527 |
| Community and aged care | 1,402 | 1,383 | 430 | - | 3,215 |
| Consultancies | 428 | - | - | - | 428 |
| Licences and support | 321 | 129 | 34 | - | 484 |
| Maintenance | 3,724 | 628 | - | - | 4,352 |
| Traffic and parking management | 3,648 | 304 | - | - | 3,952 |
| Waste and sustainability | 14,417 | 6,392 | 12,257 | 4,107 | 37,173 |
| Other contractual obligations | 2,246 | 1,346 | 219 | - | 3,811 |
| Total operating commitments | 27,863 | 11,032 | 12,940 | 4,107 | 55,942 |
| Capital | | | | | |
| Buildings | 8,058 | 248 | 6 | - | 8,312 |
| Land | 7,277 | 3,735 | - | - | 11,012 |
| Open Space and Recreation | 3,957 | - | - | - | 3,957 |
| Parks and Gardens | 1,235 | - | - | - | 1,235 |
| Plant and Equipment | 535 | 267 | - | - | 802 |
| Roads | 2,752 | - | - | - | 2,752 |
| Total capital expenditure commitments* | 23,814 | 4,250 | 6 | - | 28,070 |

* The increase in capital commitments during 2021-22 include committed works for Council's strategic projects such as the Murrumbeena Community Hub, Carnegie Memorial Swimming Pool, Lord Reserve Pavilion, Bentleigh Library and Youth Hub and Bentleigh Eat Street Plaza. In addition, Council has entered into commitments to purchase land as part of Council's *Open Space Strategy*.

5.7 Commitments (continued)

| 2021 | Not later than 1 year \$ '000 | Later than 1 year but less than 2 years \$ '000 | Later than 2 years but less than 5 \$ '000 | Later than 5 years \$ '000 | Total \$ '000 |
|--|--|---|--|----------------------------------|------------------|
| Operating | | | | | |
| Cleaning services | 1,930 | 1,037 | 834 | - | 3,801 |
| Community and aged care | 1,856 | 587 | 144 | - | 2,587 |
| Consultancies | 866 | 471 | - | - | 1,337 |
| Licences and support | 596 | 301 | 195 | - | 1,092 |
| Maintenance | 5,240 | 3,724 | 628 | - | 9,592 |
| Traffic and parking management | 3,648 | 3,648 | 304 | - | 7,600 |
| Waste and sustainability | 14,694 | 12,995 | 17,753 | 4,987 | 50,429 |
| Other contractual obligations | 2,130 | 846 | 301 | - | 3,277 |
| Total operating commitments | 30,960 | 23,609 | 20,159 | 4,987 | 79,715 |
| Capital | | | | | |
| Buildings | 14,449 | 557 | 253 | - | 15,259 |
| Open Space and Recreation | 3,990 | - | - | - | 3,990 |
| Parks and Gardens | 440 | - | - | - | 440 |
| Roads | 196 | - | - | - | 196 |
| Total capital expenditure commitments | 19,075 | 557 | 253 | - | 19,885 |

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 (4 per cent as at 30 June 2022).

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

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

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

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

5.8 Leases (continued)

| Right-of-Use Assets | Property 2022 \$'000 | Equipment 2022 \$'000 | Total 2022 \$'000 |
|--------------------------------|-------------------------------------|--------------------------------------|----------------------------------|
| Balance at 1 July 2021 | 3,022 | 383 | 3,405 |
| Additions | - | - | - |
| Amortisation charge | (890) | (109) | (999) |
| Balance at 30 June 2022 | 2,132 | 274 | 2,406 |

| Right-of-Use Assets | Property 2021 \$'000 | Equipment 2021 \$'000 | Total 2021 \$'000 |
|--------------------------------|-------------------------------------|--------------------------------------|----------------------------------|
| Balance at 1 July 2020 | 3,684 | 166 | 3,850 |
| Additions | 197 | 366 | 563 |
| Amortisation charge | (859) | (149) | (1,008) |
| Balance at 30 June 2021 | 3,022 | 383 | 3,405 |

| Lease Liabilities | 2022 \$'000 | 2021 \$'000 |
|--|------------------------|------------------------|
| Maturity analysis - contractual undiscounted cash flows | | |
| Less than one year | 1,108 | 1,181 |
| One to five years | 1,745 | 2,411 |
| More than five years | 33 | 416 |
| Total undiscounted lease liabilities as at 30 June | 2,886 | 4,008 |

| Lease liabilities included in the Balance Sheet at 30 June | 2022 \$'000 | 2021 \$'000 |
|---|------------------------|------------------------|
| Current | 1,109 | 1,181 |
| Non-current | 1,598 | 2,452 |
| Total lease liabilities | 2,707 | 3,633 |

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 \$'000 | 2021 \$'000 |
|------------------------------|------------------------|------------------------|
| Expenses relating to: | | |
| Leases of low value assets | 7 | 7 |
| Total | 7 | 7 |

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:

| | 2022 \$'000 | 2021 \$'000 |
|---|------------------------|------------------------|
| Within one year | 7 | 7 |
| Later than one year but not later than five years | 13 | 14 |
| Later than 5 years | 2 | 5 |
| Total lease commitments | 22 | 26 |

Note 6 Assets we manage

6.1 Investments in joint operations

Glen Eira City Council has entered into a joint operation in connection with the Regional Landfill Clayton South Joint Venture. The main activity was the provision of a refuse disposal site for councils. The registered office and principal place of business of the Joint Venture is Clayton Road, Clayton South, VIC 3169.

The landfill site is jointly owned by five councils including Glen Eira City Council and the equity is distributed accordingly: Boroondara 35.22 per cent, Glen Eira 21.10 per cent, Monash 16.80 per cent, Stonnington 12.76 per cent and Whitehorse 14.12 per cent. An updated joint venture agreement was signed by the five Council's on the 18th September 2020.

The Joint Venturers are obligated to restore the landfill site to a particular standard. The site ceased operation at the end of January 2016 and restoration work has commenced.

The Joint Venture Councils are required to progressively rehabilitate the site post closure and provide for future monitoring and after care of the site as well as a number of other obligations. The Joint Venturers have received a report into the post closure after care management cost assessment at the landfill. This report looked at the components of the after care assessment at the landfill.

Council has received the unaudited accounts of the joint operation and Council's 21.1 per cent share of the net liabilities employed in the joint operations is included in the Financial Statements as follows:

| 6.1 (a) Summarised Statement of Comprehensive Income | 2022 | 2021 |
|--|----------------|----------------|
| for the year ended 30 June 2022 | \$ '000 | \$ '000 |
| Total income | 423 | 29 |
| Total expenses | 11 | 2,260 |
| Share of net surplus / (loss) of joint operations | 412 | (2,231) |
| Summarised Balance Sheet | | |
| as at 30 June 2022 | | |
| Assets | | |
| Current assets | 142 | 151 |
| Total assets | 142 | 151 |
| Liabilities | | |
| Current liabilities | 227 | 426 |
| Non-current liabilities | 3,534 | 3,755 |
| Total liabilities | 3,761 | 4,181 |
| Net liabilities | (3,619) | (4,030) |
| Equity / (deficit) | | |
| Accumulated deficit | (3,619) | (4,030) |
| Total (deficit) | (3,619) | (4,030) |
| Adjusted for rehabilitation costs (refer to note 6.1(b)) | 3,755 | 4,176 |
| Total investment in joint operations (excluding rehabilitation costs) | 136 | 146 |

| | 2022 \$ '000 | 2021 \$ '000 |
|--|-----------------|-----------------|
|--|-----------------|-----------------|

6.1 Investments in joint operations (continued)

6.1 (b) Other liabilities

| | | |
|--|--------------|--------------|
| Provision for environmental rehabilitation | 3,755 | 4,176 |
| Total other liabilities | 3,755 | 4,176 |

At the reporting date the Joint Venture recognised a provision for rehabilitation works which is measured at the present value of the Joint Venturers' best estimate of the costs associated with remediation of the site. Remediation is expected to be completed by 2050.

The calculation of the provision is based on a review of the Annual and planned equipment replacement aftercare costs of the site. These costs have been inflated at 2 per cent per year. The present value calculation uses the Milliman Group of 100 discount rate forecasts for 30 years.

The provision is assessed at the end of each reporting period in order to ensure it accurately reflects the cost of closing and restoring the site.

The provision was initially based on an external assessment performed in 2015. The landfill in it's current state, is not yet "settled". A review has been undertaken during the 2020-21 financial year by Mackenzie Environmental Pty Ltd on estimates of future costs to operate the closed landfill site in accordance with the *Environment Protection Act 2017*. The increase in provision relates to the expected post closure maintenance period costs after capping works are completed. The provision is based on the best information available to management at yearend. This indicates aftercare costs of approximately \$1.034m annually. It is management's intention to obtain a formal assessment in April 2022 when capping works are expected to be completed.

Council's share of the joint operation is also disclosed as a contingent liability in note 8.1. The provision for environmental rehabilitation is assessed at the end of each reporting period in order to ensure that it accurately reflects the cost of closing and restoring the site. Further costs may arise for the future after care of the landfill site, however, at this stage, these costs are too uncertain to reliably determine.

Summarised statement of cash flows

| | | |
|--|------------|--------------|
| Net cash used in operating activities | (1) | (464) |
| Net decrease in cash and cash equivalents | (1) | (464) |

Summary of joint operations

Movements for the year

| | | |
|--|----------------|----------------|
| Share of joint operations as at 1 July | (4,030) | (1,799) |
| Share of net surplus/loss of joint operations | 412 | (2,231) |
| Share of total equity of joint operations as at 30 June | (3,618) | (4,030) |

Accounting for investments in joint operations

Council's interest in joint operations are accounted for using the equity method. Under this method, the interest is initially recognised in the Balance Sheet at cost and adjusted thereafter to recognise Council's share of the net assets of the entities. Council's share of the financial result of the entity is recognised in the Comprehensive Income Statement.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Joint Venture, the results of those operations, or the state of affairs of the Joint Venture in future financial years.

6.2 Property, infrastructure plant and equipment

Summary of property, infrastructure plant and equipment

| | Carrying amount 30 June 2021 | Acquisitions | Revaluation | Depreciation | Disposal | Net transfers | Carrying amount 30 June 2022 |
|--------------------------------------|------------------------------------|---------------|----------------|-----------------|----------------|---------------|------------------------------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Land | 1,951,711 | 9,673 | 182,629 | - | - | - | 2,144,013 |
| Buildings | 187,766 | - | (377) | (5,506) | (2,696) | 4,206 | 183,393 |
| Plant and equipment | 12,378 | - | - | (3,667) | (90) | 2,051 | 10,672 |
| Infrastructure | 328,333 | - | 57,503 | (15,271) | (415) | 15,410 | 385,559 |
| Art collection and municipal regalia | 2,422 | - | - | - | - | - | 2,422 |
| Work in progress | 17,271 | 44,257 | - | - | - | (21,667) | 39,861 |
| | 2,499,880 | 53,930 | 239,755 | (24,444) | (3,201) | - | 2,765,920 |

Summary of work in progress (WIP)

| | Opening WIP | Additions | Transfers to completed assets | Closing WIP |
|---------------------|---------------|---------------|-------------------------------------|---------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Land and buildings | 9,145 | 18,739 | (4,206) | 23,678 |
| Plant and equipment | 508 | 2,319 | (2,051) | 776 |
| Infrastructure | 7,618 | 23,199 | (15,410) | 15,407 |
| | 17,271 | 44,257 | (21,667) | 39,861 |

6.2 Property, infrastructure plant and equipment (continued)

| (a) Property | Notes | Land - specialised | Land under roads | Total land | Buildings - non specialised | Buildings - specialised | Leasehold improvements | Total buildings | Total property |
|---|--------|-----------------------|---------------------|------------------|-----------------------------------|----------------------------|---------------------------|--------------------|-------------------|
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| At fair value 1 July 2021 | | 1,235,488 | 716,223 | 1,951,711 | 249,900 | 48,284 | 382 | 298,566 | 2,250,277 |
| Accumulated depreciation | | - | - | - | (99,284) | (11,267) | (248) | (110,800) | (110,800) |
| Work in progress | | - | - | - | 8,479 | 666 | - | 9,145 | 9,145 |
| Balance at 1 July 2021 | | 1,235,488 | 716,223 | 1,951,711 | 159,095 | 37,683 | 134 | 196,911 | 2,148,622 |
| Movements in fair value | | | | | | | | | |
| Acquisition of assets at fair value (including work in progress transfers) | | 9,673 | - | 9,673 | 2,476 | 1,730 | - | 4,206 | 13,879 |
| Revaluation at fair value | 9.1(a) | 102,030 | 80,599 | 182,629 | (576) | 199 | - | (377) | 182,252 |
| Fair value of assets disposed | 4.6 | - | - | - | (5,881) | - | - | (5,881) | (5,881) |
| Net work in progress movement | | - | - | - | 13,516 | 1,017 | - | 14,533 | 14,533 |
| | | 111,703 | 80,599 | 192,302 | 9,535 | 2,946 | - | 12,481 | 204,783 |
| Movements in accumulated depreciation | | | | | | | | | |
| Depreciation | 4.3 | - | - | - | (4,380) | (1,108) | (18) | (5,506) | (5,506) |
| Accumulated depreciation of disposals | 4.6 | - | - | - | 3,185 | - | - | 3,185 | 3,185 |
| | | - | - | - | (1,195) | (1,108) | (18) | (2,321) | (2,321) |
| At fair value 30 June 2022 | | 1,347,191 | 796,822 | 2,144,013 | 245,919 | 50,213 | 382 | 296,514 | 2,440,527 |
| Accumulated depreciation at 30 June 2022 | | - | - | - | (100,479) | (12,375) | (266) | (113,121) | (113,121) |
| Work in progress | | - | - | - | 21,995 | 1,683 | - | 23,678 | 23,678 |
| Carrying amount at 30 June 2022 | | 1,347,191 | 796,822 | 2,144,013 | 167,435 | 39,521 | 116 | 207,071 | 2,351,084 |

6.2 Property, infrastructure plant and equipment (continued)

| (b) Infrastructure | Notes | Roads | Footpaths, furniture and signs | Drains | Parks and gardens | Total infrastructure |
|--|---------------|----------------|---|----------------|------------------------------|-----------------------------|
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| At fair value 1 July 2021 | | 285,806 | 128,688 | 197,027 | 113,106 | 724,627 |
| Accumulated depreciation | | (152,814) | (80,954) | (107,727) | (54,797) | (396,292) |
| Work in progress | | 6,477 | - | - | 1,141 | 7,618 |
| Balance at 1 July 2021 | | 139,469 | 47,734 | 89,300 | 59,450 | 335,953 |
| Movements in fair value | | | | | | |
| Acquisition of assets at fair value (including work in progress transfers) | | 5,371 | 3,190 | 3,699 | 3,150 | 15,410 |
| Revaluation at fair value | 9.1(a) | 27,547 | (4,141) | 17,142 | 16,955 | 57,503 |
| Fair value of assets disposed | 4.6 | (980) | - | (155) | (273) | (1,408) |
| Net work in progress movement | | (914) | 153 | 2,075 | 6,475 | 7,789 |
| | | 31,024 | (798) | 22,761 | 26,307 | 79,294 |
| Movements in accumulated depreciation | | | | | | |
| Depreciation | 4.3 | (5,593) | (1,772) | (2,155) | (5,751) | (15,271) |
| Accumulated depreciation of disposals | 4.6 | 701 | | 119 | 173 | 993 |
| | | (4,892) | (1,772) | (2,036) | (5,578) | (14,278) |
| At fair value 30 June 2022 | | 317,744 | 127,737 | 217,713 | 132,938 | 796,132 |
| Accumulated depreciation at 30 June 2022 | | (157,706) | (82,726) | (109,763) | (60,375) | (410,570) |
| Work in progress | | 5,563 | 153 | 2,075 | 7,616 | 15,407 |
| Carrying amount at 30 June 2022 | | 165,601 | 45,164 | 110,025 | 80,179 | 400,969 |

6.2 Property, infrastructure plant and equipment (continued)

| (c) Plant and equipment | Notes | Plant and equipment | Furniture and equipment | Total plant and equipment |
|--|-------|------------------------|----------------------------|------------------------------|
| | | \$ '000 | \$ '000 | \$ '000 |
| At cost 1 July 2021 | | 12,308 | 41,243 | 53,551 |
| Accumulated depreciation | | (7,436) | (33,739) | (41,174) |
| Work in progress | | - | 508 | 508 |
| Balance at 1 July 2021 | | 4,872 | 8,013 | 12,885 |
| Movements in cost | | | | |
| Acquisition of assets at fair value (including work in progress transfers) | | 315 | 1,736 | 2,051 |
| Cost of assets disposed | 4.4 | (1,008) | (1,382) | (2,390) |
| Net work in progress movement | | - | 268 | 268 |
| | | (693) | 622 | (71) |
| Movements in accumulated depreciation | | | | |
| Depreciation | 4.3 | (1,069) | (2,598) | (3,667) |
| Accumulated depreciation of disposals | 4.4 | 926 | 1,374 | 2,300 |
| | | (143) | (1,224) | (1,367) |
| At cost 30 June 2022 | | 11,615 | 41,597 | 53,212 |
| Accumulated depreciation at 30 June 2022 | | (7,579) | (34,964) | (42,542) |
| Work in progress | | - | 776 | 776 |
| Carrying amount at 30 June 2022 | | 4,036 | 7,410 | 11,447 |

6.2 Property, infrastructure plant and equipment (continued)

| (d) Art collection and municipal regalia | Notes | Art collection and municipal regalia | Total art collection and municipal regalia |
|--|---------------|--|---|
| | | \$ '000 | \$ '000 |
| At fair value 1 July 2021 | | 2,422 | 2,422 |
| Balance at 1 July 2021 | | 2,422 | 2,422 |
| Movements in fair value | | | |
| Acquisition of assets | | - | - |
| Revaluation increments at fair value | 9.1(a) | - | - |
| Fair value of assets disposed | 4.4 | - | - |
| | | - | - |
| At fair value 30 June 2022 | | 2,422 | 2,422 |
| Carrying amount at 30 June 2022 | | 2,422 | 2,422 |

6.2 Property, infrastructure plant and equipment (continued)

Acquisition

The fair value 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 amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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

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

| Asset recognition depreciation periods | Depreciation/ amortisation period | Threshold limit | |
|---|--|----------------------------|---|
| Property | | | |
| Buildings | (15–120 years) | \$10,000 | * |
| Land | (indefinite) | - | |
| Land under roads | (indefinite) | - | |
| Leasehold improvements | (20 years) | \$500 | |
| Plant and equipment | | | |
| Computer equipment | (3–5 years) | \$500 | |
| Furniture and equipment | (5–10 years) | \$10,000 | |
| Motor vehicles and trucks | (5–8 years) | \$500 | |
| Plant and equipment | (3–15 years) | \$500 | |
| Sports equipment (leased) | (4 years) | - | |
| Art collection and municipal regalia | | | |
| Art collection | (indefinite) | - | |
| Municipal regalia | (indefinite) | - | |
| Infrastructure | | | |
| Car parks | (30–34 years) | \$15,000 | * |
| Drains | (100 years) | \$1,500 | |
| Footpaths | (41–65 years) | - | * |
| Kerbs and channels | (101–132 years) | \$1,000 | * |
| Local area traffic management devices | (27–66 years) | \$1,000–\$50,000 | * |
| Right of ways | (38–107 years) | \$3,000 | * |
| Roads substructure | (141–180 years) | \$2,000 | * |
| Roads surfaces | (27–51 years) | \$2,000 | * |
| Street furniture and signs | (15–27 years) | \$100–\$2,000 | * |
| Parks and gardens improvements | (5–60 years) | \$1,500 | |
| Recreational facilities | (5–60 years) | \$1,500 | |
| Intangibles | | | |
| Software and software licences | (5 years) | \$10,000 | |
| Right of use assets | | | |
| Property and equipment | (1–7 years) | \$10,000 | |

* updates to useful lives have occurred due to the condition audits as part of Council's formal revaluations during 2021-22.

6.2 Property, infrastructure plant and equipment (continued)

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation of property, infrastructure, plant and equipment and other assets

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner that 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.

Land, land under roads, art collection and municipal regalia are not depreciated.

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

Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 20-year period.

Committees of Management

Where Council has been appointed as Committee of Management, the value of the asset has been included in Council's Financial Statements.

6.2 Property, infrastructure plant and equipment (continued)

(e) Valuations of land and buildings

Valuations of land and buildings were undertaken by a qualified independent valuer, Michael Dore (A.A.P.I) Certified Practising Valuer from Patel Dore Valuers. The valuations of land and buildings are 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.

The real estate market is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation we consider that there is significant market uncertainty.

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

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

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

| | Level 1 \$ '000 | Level 2 \$ '000 | Level 3 \$ '000 | Date of Valuation |
|---------------------------------|--------------------|--------------------|--------------------|----------------------|
| Land — specialised | - | - | 1,347,191 | 01/2022 |
| Land under roads | - | - | 796,822 | 01/2022 |
| Buildings — specialised | - | - | 37,838 | 01/2022 |
| Buildings — non specialised | - | 145,440 | - | 01/2022 |
| Total land and buildings | - | 145,440 | 2,181,850 | |

(f) Valuations of infrastructure

Valuations of infrastructure assets, except for Parks and gardens assets, have been assessed by Glen Eira City Council's Director Community Assets and Leisure, Niall McDonagh Bachelor of Engineering (Civil), Masters of Business Administration (MBA) as at 30 June 2022.

Parks and gardens assets were assessed by Glen Eira City Council's Manager Parks and Environment, Mark Dornau as at 31 October 2021.

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

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

| | Level 1 \$ '000 | Level 2 \$ '000 | Level 3 \$ '000 | Date of Valuation |
|--------------------------------|--------------------|--------------------|--------------------|----------------------|
| Roads | - | - | 160,038 | 05/2022 |
| Footpaths, furniture and signs | - | - | 45,011 | 05/2022 |
| Drains | - | - | 107,950 | 05/2022 |
| Parks and gardens | - | - | 72,562 | 10/2021 |
| Total infrastructure | - | - | 385,561 | |

6.2 Property, infrastructure plant and equipment (continued)

(g) Valuation of art collection and municipal regalia

Art collection assets were assessed by Lauraine Diggins, Director Fine Art Pty Ltd as at 1 January 2020. The basis of valuation was market value.

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

| | Level 1 \$ '000 | Level 2 \$ '000 | Level 3 \$ '000 | Date of Valuation |
|---|--------------------|--------------------|--------------------|----------------------|
| Art collection and municipal regalia | - | 2,422 | - | 01/2020 |
| Total art collection and municipal regalia | - | 2,422 | - | |

(h) 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 five per cent and 95 per cent. The market value of land varies significantly depending on the location of the land and the current market conditions. 2021–22 land values range between approximately \$292 and \$5,000 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of the buildings. Current replacement cost is calculated on a square metre basis ranging from \$395 to \$5,834 per square metre. The remaining useful lives of the buildings are determined on the basis of the current condition of buildings and vary from 18 years to 103 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 current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from two years to 140 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

| | 2022 \$'000 | 2021 \$'000 |
|---|------------------|------------------|
| Reconciliation of specialised land | | |
| Land | 1,347,191 | 1,235,488 |
| Land under roads | 796,822 | 716,223 |
| Total specialised land | 2,144,012 | 1,951,710 |

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related parties

Parent entity

Glen Eira City Council

Subsidiaries, associates and joint operations

Interests in joint operations are detailed in note 6.1

(b) Key management personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Glen Eira City Council. The Councillors, Chief Executive Officer and other key management personnel are deemed KMP. Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

Councillors

| | | |
|---------------------|--------------|------------------------------|
| Anne-Marie Cade | Councillor | 1 July 2021—30 June 2022 |
| David Zyngier | Councillor | 1 July 2021—30 June 2022 |
| Jim Magee | Deputy Mayor | 1 July 2021—2 November 2021 |
| | Mayor | 3 November 2021—30 June 2022 |
| Li Zhang | Councillor | 1 July 2021—2 November 2021 |
| | Deputy Mayor | 3 November 2021—30 June 2022 |
| Margaret Esakoff | Mayor | 1 July 2021—2 November 2021 |
| | Councillor | 3 November 2021—30 June 2022 |
| Neil Pilling* | Councillor | 1 July 2021—30 April 2022 |
| Sam Parasol | Councillor | 1 July 2021—30 June 2022 |
| Simone Zmood | Councillor | 1 July 2021—30 June 2022 |
| Sue Pennicuik** | Councillor | 3 May 2022—30 June 2022 |
| Tony Athanasopoulos | Councillor | 1 July 2021—30 June 2022 |

* Councillor Neil Pilling resigned from his position as Councillor effective 30 April 2022.

** Councillor Sue Pennicuik was declared elected on 3 May 2022 due to the vacancy caused by Councillor Neil Pilling.

Chief Executive Officer and other key management personnel

| | | |
|------------------|---|---------------------------|
| Kellie Vise | Chief Transformation Officer | 1 July 2021—30 June 2022 |
| Mark Saunders | Director Community Wellbeing | 1 July 2021—30 June 2022 |
| | Executive Manager People and Culture | 1 July 2021—10 May 2022 |
| | Director Community Assets and Leisure | 1 July 2021—30 June 2022 |
| Niall McDonagh | Director Community Wellbeing | 1 July 2021—23 March 2022 |
| Peter Jones* | Director Corporate Services | 1 July 2021—30 June 2022 |
| Peter Swabey | Chief Executive Officer | 1 July 2021—30 June 2022 |
| Rebecca McKenzie | Director Planning, Place and Sustainability | 1 July 2021—30 June 2022 |
| Ron Torres | | |

* Includes long-term service leave commencing from 18 December 2020.

| | 2022 No. | 2021 No. |
|--|-------------|-------------|
| Summary | | |
| Total number of Councillors | 10 | 14 |
| Chief Executive Officer and other key management personnel | 8 | 9 |
| Total key management personnel | 18 | 23 |

7.1 Council and key management remuneration (continued)

(c) Remuneration of key management personnel

| | 2022 \$ '000 | 2021 \$ '000 |
|---|-----------------|-----------------|
| Total remuneration of key management personnel was as follows: | | |
| Short-term benefits (salary and annual leave) | 2,263 | 2,193 |
| Post-employment benefits (superannuation) | 246 | 266 |
| Long-term benefits (long service leave) | 53 | 53 |
| Total | 2,562 | 2,512 |

Key management personnel includes Councillors, CEO and direct senior executive reports to the CEO.

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

| Income range: | 2022 No. | 2021 No. |
|---------------------------------------|-------------|-------------|
| \$0–\$9,999 | 1 | 1 |
| \$10,000–\$19,999 | - | 4 |
| \$20,000–\$29,999 | - | 5 |
| \$30,000–\$39,999 | 6 | 3 |
| \$50,000–\$59,999 | 1 | - |
| \$60,000–\$69,999 | 1 | - |
| \$90,000–\$99,999 | 1 | 1 |
| \$100,000–\$109,999 | - | 1 |
| \$130,000–\$139,999 | 1 | - |
| \$170,000–\$179,999 | - | 1 |
| \$200,000–\$209,999 | 1 | 1 |
| \$220,000–\$229,999 | 1 | 2 |
| \$240,000–\$249,999 | - | 1 |
| \$270,000–\$279,999 | 1 | - |
| \$280,000–\$289,999 | 2 | 2 |
| \$300,000–\$309,999 | 1 | - |
| \$400,000–\$409,999 | - | 1 |
| \$410,000–\$419,999 | 1 | - |
| Total key management personnel | 18 | 23 |

(d) Transactions with related parties

There were no transactions with related parties which required disclosure during the 2021–22 or 2020–21 reporting years.

(e) Outstanding balances with related parties

There were no outstanding balances with related parties which required disclosure during the 2021–22 or 2020–21 reporting years.

(f) Loans to/from related parties

No loans have been made, guaranteed, or secured by Council to related parties which required disclosure during the 2021–22 or 2020–21 reporting years.

(g) Commitments to/from related parties

No commitments have been made, guaranteed, or secured by Council to related parties which required disclosure during the 2021–22 or 2020–21 reporting years.

7.2 Senior officer remuneration

A Senior Officer is an officer of Council, other than key management personnel, who:

- has management responsibilities and reports directly to the Chief Executive; or
- whose total annual remuneration exceeds \$151,000 (\$151,000 in 2020–21).

The below numbers include staff holding senior officer positions where two or more staff members have shared the same senior role during a financial year.

The number of senior officers other than the key management personnel, are shown below in their relevant income bands:

| Income range: | 2022 | 2021 |
|---|--------------|--------------|
| | No. | No. |
| <\$151,000 | 5 | 8 |
| \$151,000–\$159,999 | 2 | 2 |
| \$160,000–\$169,999 | 3 | 3 |
| \$170,000–\$179,999 | 8 | 7 |
| \$180,000–\$189,999 | 6 | 3 |
| \$190,000–\$199,999 | 2 | 3 |
| \$200,000–\$209,999 | - | 1 |
| \$210,000–\$219,999 | 1 | - |
| \$260,000–\$269,999 | - | 1 |
| Total senior officers | 27 | 28 |
| Remuneration | 2022 | 2021 |
| | \$ '000 | \$ '000 |
| Short-term benefits (salary and annual leave) | 3,887 | 3,900 |
| Post-employment benefits (superannuation) | 466 | 455 |
| Long-term benefits (long service leave) | 108 | 103 |
| Total remuneration for the reporting year for senior officers amounted to: | 4,461 | 4,458 |

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

Contingent assets

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

At balance date the Council are not aware of any contingent assets (2021: Nil)

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.

The following are potential contingencies considered by council.

(a) Arising from legal matters

Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.

As these matters are yet to be finalised and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the *Financial Report*.

(b) Arising from insurable claims

As a major enterprise, Council is subject to claims that may arise in areas such as: public liability for injury and/or property damage; professional indemnity for wrongful advice; Councillors' and officers' liability; employment practices liability; and discrimination.

Council maintains a comprehensive insurance portfolio in respect of all identified areas of potential liability. Council presently has no outstanding claims in these areas except in respect of public liability. Council has insurance coverage that exceeds the requirements of legislation and that is more than adequate to cover any outstanding claims that fall within the terms of the insurance coverage.

Council has no claims that fall outside the insurance coverage except for those which are not covered because they are 'under excess' in respect of the applicable coverage.

Council's liability therefore, is limited to minor 'under excess' claims and the 'under excess' component of claims that fall within the insurance coverage. Council makes allowance for these 'under excess' contingent liabilities in its *Annual Budget*.

8.1 Contingent assets and liabilities (continued)

(c) 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.

(d) 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.

The COVID-19 restrictions have begun to be tentatively lifted around the world and the equity markets have continued to improve. However the economic disruption from the COVID-19 restrictions has the potential to raise market volatility again.

(e) Regional Landfill Clayton South Joint Operation

Rehabilitation works

Five councils have entered into a joint operation in connection with the Clayton Regional Landfill Joint Operation. The main activity was the provision of a refuse disposal site for councils.

The Clayton Regional Landfill site is now closed and has completed the waste filling and is undergoing for a program of rehabilitation works that include the construction of a landfill cap over the whole of the landfill.

The Joint Venture ceased to operate as a commercial land fill at the end of January 2016 and as such it is no longer able to generate income from ongoing operations to continue to meet obligations under its licence agreement with the EPA for a period of 30 years following closure.

The Joint Venturers are obligated to restore the landfill site to a particular standard. The site ceased operation at the end of January 2016 and restoration work has commenced.

The Joint Venture Councils are required to progressively rehabilitate the site post closure and provide for future monitoring and after care of the site as well as a number of other obligations. The Joint Venturers have received a report into the post closure after care management cost assessment at the landfill.

At the reporting date the Joint Venture recognised a provision for rehabilitation works which is measured at the present value of the Joint Venturers' best estimate of the costs associated with remediation of the site. Remediation is expected to be completed by 2050. The provision is assessed at the end of each reporting period in order to ensure it accurately reflects the cost of closing and restoring the site. Further costs may arise for the future after care of the landfill site, however, at this stage, these costs are too uncertain to reliably determine.

8.1 Contingent assets and liabilities (continued)

(f) Infringements Review

On 20 May 2019 the Ombudsman wrote to the Minister for Local Government and the Mayors and CEOs of Port Phillip, Stonnington and Glen Eira Councils notifying them of her intention to investigate the matter of councils' use of third party contractors in the administration of parking infringement reviews. While the practice of outsourcing infringement reviews was not unique to those three municipalities, the investigation's scope was restricted to those three councils on the basis of complaints received directly by the Ombudsman.

Council launched a refund scheme where people who felt that they may be eligible for a refund could apply and have their case reconsidered. This approach was endorsed by Council at its Ordinary Council Meeting held on 25 February 2020. Council publicly advertised its Refund Scheme via media channels alerting the community to the opportunity to request a further review of their infringement appeal. Those people who feel they are still eligible for a refund can still apply.

8.2 Change in accounting standards

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

8.3 Financial instruments

(a) Objectives and policies

Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables), trust funds and deposits and bank and TCV 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 notes of the Financial Statements. Risk management is carried out by senior management under policies approved by Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

(c) 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. Our interest rate liability risk arises primarily from long-term loans and borrowings at fixed rates. Council does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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.

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.

(d) Credit risk

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

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with 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 that are individually determined to be impaired.

8.3 Financial instruments (continued)

(d) Credit risk (continued)

We may also be subject to credit risk for transactions which are not included in the Balance Sheet, such as when we 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.

(e) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or not having sufficient funds to settle a transaction when required, we 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:

- has readily accessible standby facilities and other funding arrangements in place;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis; and
- sets limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the Balance Sheet are 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.

(f) Financial instruments — 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 plus one and minus one per cent in market interest rates (AUD) from year-end rates of 0.85 per cent (assuming cash remains steady throughout the year).

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.

Fair value measurement

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.

AASB 13 defines fair value as 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. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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.

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, 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. Further details regarding the fair value hierarchy are disclosed at note 6.2, Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation at the following intervals:

- Art collection every five years
- Infrastructure assets every four years and replacement costs adjusted annually
- Land and buildings every two years
- Land under roads every two years
- Municipal regalia every five years
- Parks and gardens every five 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, 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 to sell 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

Borrowings

Following on from the resolution on the 28th June 2022, Council has since entered into a loan facilities relationship with Treasury Corporation Victoria which will support funding for Council's strategic projects.

Other events

Council will be subject to the changing environment of the COVID-19 pandemic.

While 'business as usual' is slowly returning during 2021-22 to Council operations, the financial impact of the last few years will continue to flow through to future years. It is expected that it will take some time for Council's income streams to return to pre-COVID levels.

However, COVID-19 is not the only factor impacting Council's financial situation. Construction escalations and unanticipated cost of living increases are all pointing to an increasing escalation in the level of financial and economic risk for Council.

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserve

| 2022 | Balance at beginning of reporting period \$ '000 | Increment/ (decrement) \$ '000 | Balance at end of reporting period \$ '000 |
|---|---|---|---|
| Property | | | |
| Land | 896,279 | 102,030 | 998,309 |
| Land under roads | 354,245 | 80,599 | 434,844 |
| Buildings | 89,854 | (377) | 89,477 |
| Infrastructure | | | |
| Road assets | 108,129 | 27,547 | 135,676 |
| Footpaths | 24,236 | (4,141) | 20,095 |
| Drainage | 18,111 | 17,142 | 35,253 |
| Parks and gardens | 24,298 | 16,955 | 41,253 |
| Art collection and municipal regalia | | | |
| Art collection | 1,601 | - | 1,601 |
| Balance | 1,516,753 | 239,755 | 1,756,508 |
| 2021 | Balance at beginning of reporting period \$ '000 | Increment/ (decrement) \$ '000 | Balance at end of reporting period \$ '000 |
| Property | | | |
| Land | 740,334 | 155,945 | 896,279 |
| Land under roads | 264,649 | 89,596 | 354,245 |
| Buildings | 89,854 | - | 89,854 |
| Infrastructure | | | |
| Road assets | 108,198 | (69) | 108,129 |
| Footpaths | 24,236 | - | 24,236 |
| Drainage | 18,127 | (16) | 18,111 |
| Parks and gardens | 24,298 | - | 24,298 |
| Art collection and municipal regalia | | | |
| Art collection | 1,601 | - | 1,601 |
| Balance | 1,271,297 | 245,456 | 1,516,753 |
| The asset revaluation reserve is used to record the net movement of Council's assets over time. | | | |

9.1 Reserves (continued)

(b) Public open space reserve

| | Balance at beginning of reporting period \$ '000 | Transfers from accumulated surplus \$ '000 | Transfers to accumulated surplus \$ '000 | Balance at end of reporting period \$ '000 |
|---------------------------|--|--|---|--|
| 2022 | | | | |
| Public open space reserve | 26,260 | 4,387 | (11,040) | 19,607 |
| Balance | 26,260 | 4,387 | (11,040) | 19,607 |
| 2021 | | | | |
| Public open space reserve | 24,195 | 5,804 | (3,739) | 26,260 |
| Balance | 24,195 | 5,804 | (3,739) | 26,260 |

Council collects a Public Open Space contribution in many circumstances when land is subdivided within the municipality. The requirement for this is in the Glen Eira Planning Scheme at clause 53.01.

As part of applicable subdivisions, a landowner is required to make a contribution of 5.7% of the site value, which Council uses to either purchase land to create new open spaces such as public parks, playgrounds and reserves, or to make improvements within our existing open space areas. Our open space planning is informed by the City of Glen Eira Open Space Strategy Refresh 2020.

Council has commenced a process to increase the Public Open Space contribution rate to 8.3% of the site value. It is anticipated that an increased contribution rate will be implemented by early 2023.

Transfers from the public open space reserve during the financial year reflect the funding of eligible open space capital works projects.

(c) Summary of reserves

| | Balance at beginning of reporting period \$ '000 | Increment/ (decrement) and transfers \$ '000 | Balance at end of reporting period \$ '000 |
|---------------------------|--|---|--|
| 2022 | | | |
| Asset revaluation reserve | 1,516,753 | 239,755 | 1,756,508 |
| Public open space reserve | 26,260 | (6,653) | 19,607 |
| Balance | 1,543,013 | 233,102 | 1,776,115 |
| 2021 | | | |
| Asset revaluation reserve | 1,271,297 | 245,456 | 1,516,753 |
| Public open space reserve | 24,195 | 2,065 | 26,260 |
| Balance | 1,295,492 | 247,521 | 1,543,013 |

| | Notes | 2022 \$ '000 | 2021 \$ '000 |
|--|---------------|-------------------------|-------------------------|
| 9.2 Reconciliation of cash flows from operating activities to surplus | | | |
| Surplus for the year | | 14,234 | 516 |
| Capitalised salaries | 4.1(a) | (2,291) | (2,412) |
| Depreciation and amortisation | 4.3 | 24,444 | 24,060 |
| Amortisation — intangible assets | 4.4 | 923 | 787 |
| Amortisation — right of use assets | 4.5 | 1,062 | 1,007 |
| Loss on sale/disposal of property, infrastructure, plant and equipment | 4.6 | 2,663 | 1,145 |
| Borrowing costs | 4.7 | 190 | 308 |
| Finance costs | 4.8 | 192 | 191 |
| Share of net (surplus) / loss of joint operations | 6.1 | (412) | 2,231 |
| Change in assets and liabilities: | | | |
| Increase in trade and other receivables | 5.1(d) | (3,531) | (5,712) |
| Decrease / (increase) in other assets | 5.2(a) | 107 | (681) |
| Increase / (decrease) in payables | 5.3(a) | 1,850 | (2,011) |
| Decrease in trust funds and other deposits | 5.3(b) | (4,503) | (10,212) |
| Increase in unearned income | 5.3(c) | 670 | 3,481 |
| (Decrease) / increase in provisions | 5.5 | (1,309) | 1,032 |
| Net cash provided by operating activities | | 34,289 | 13,730 |

9.3 Superannuation

Glen Eira City Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund), the HESTA Superannuation Fund (HESTA) and other employee nominated funds in accordance with employment arrangements.

The HESTA Fund and other employee nominated funds are defined contribution plans and no further liability accrues to the employer as the benefits accruing to the employees are represented by their share of the net assets of their nominated superannuation funds.

The Fund has two categories of membership, Accumulation and Defined Benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised in the Comprehensive Income Statement as an expense when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 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 Benefits category is a pooled multi-employer.

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

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%

Salary information 2.5%pa to 30 June 2023, and 3.5%pa thereafter

Price inflation (CPI) 3.0% pa

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

9.3 Superannuation (continued)

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.

The 2021 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2021 and the last full investigation was conducted as at 30 June 2020.

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

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

9.3 Superannuation (continued)

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

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 \$m | 2021 \$m |
|--------------|-------------------|-----------------|-------------|-------------|
| Vision Super | Defined Benefit | 10% (2021 9.5%) | 0.2 | 0.2 |
| Vision Super | Accumulation Fund | 10% (2021 9.5%) | 4.02 | 4.04 |

There was \$436k of contributions outstanding. There were no loans were 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 ended 30 June 2023 is nil.

9.4 Residential aged care facilities

2020-21 Closure of Spurway Nursing Home

On 16 March 2021, Council resolved to consolidate its Residential Aged Care Services onto two sites, namely 'Rosstown Community' and the 'Warrawee Nursing Home'. The Spurway Community nursing home ceased providing residential aged care services on 1 April 2021.

The decision reduces the financial and operating risks exposure associated with Council's aged care portfolio including:

- (a) Spurway's size, layout and design, including shared bathrooms and small rooms, limits its ability to meet residents' needs into the future and its long-term viability as a residential aged care facility. Council recognised the need to explore options for a sustainable approach to aged care into the future.
- (b) Lack of appropriate economies of scale associated with the small 30 bed facility and financial losses.

2021-22 Closure of Rosstown Nursing Home

On the 16 November 2021, Council resolved to further consolidate its residential aged care services onto a single site (Warrawee). The Rosstown Community nursing home ceased providing residential aged care services on 26 November 2021. The closure was due to increasing risk factors associated with the Rosstown site which were primarily driven by a critical shortage of nursing staff to effectively provide quality resident care and maintain operations. The shortage of staff at Rosstown Community was driven by:

- (a) The Department of Health requirements limiting aged care workers to a single site.
- (b) Agency staff having been previously used as a contingent workforce to backfill personal leave and annual leave; however, this option was not available due to the pressures of the pandemic across the Victorian public health sector. In addition, the border closures at State and international level had impacted the sector's labour pipeline.
- (c) Mandatory vaccination requirements led to a number of qualified staff leaving the sector.
- (d) COVID-19 outbreaks became more prevalent in residential aged care facilities, leading to the requirement to isolate and placing pressure on the availability of agency staff.

Segment Reporting

Council is required to disclose a segment note including residential aged care operations as defined under the *Aged Care Act 1997*. The reporting requirements include a detailed Income Statement and Balance Sheet.

The operations of the facilities have been included in the Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Statement of Changes in Equity of Council. Terminology in the following Income Statement and Balance Sheet has been used in accordance with the Department of Social Services' disclosure requirements.

9.4 Residential aged care facilities

| Income Statement for residential aged care facilities for the year ended 30 June 2022 | 2022 \$ '000 | 2021 \$ '000 |
|--|-------------------------|-------------------------|
| Income | | |
| Resident charges | 1,683 | 2,643 |
| Government grants | 5,465 | 6,939 |
| Investment income | 188 | 188 |
| Other income | 56 | - |
| Total income | 7,392 | 9,770 |
| Expenses | | |
| Wages and superannuation — care * | 6,575 | 9,619 |
| Wages and superannuation — administration | 447 | 623 |
| Wages and superannuation — other | 2,493 | 3,722 |
| Staff on-costs | 1,122 | 1,445 |
| Training | 7 | 7 |
| Agency costs | 693 | 221 |
| Materials and consumables | 861 | 1,096 |
| Contractor payments | 317 | 413 |
| COVID-19 pandemic prevention expenses ** | 120 | 1,093 |
| Maintenance | 1,246 | 619 |
| Utility services | 235 | 304 |
| Other expenses | 174 | 197 |
| Management fees | 845 | 511 |
| Indirect overheads | 1,128 | 1,298 |
| Depreciation on property, plant and equipment | 748 | 755 |
| Total expenses | 17,011 | 21,923 |
| Deficit | (9,619) | (12,153) |

* The decrease in wages reflects the savings of consolidating Spurway and Rosstown facilities into Warrawee.

** Relates to pandemic prevention expenses (predominately in 2020-21) associated with COVID-19 and includes: personal protective equipment and clothing, cleaning materials such as: sanitisers, gloves, cleaning products and other prevention materials.

9.4 Residential aged care facilities (continued)

| Balance Sheet for residential aged care facilities as at 30 June 2022 | 2022 \$ '000 | 2021 \$ '000 |
|--|-------------------------|-------------------------|
| Current assets | | |
| Cash and financial assets | 16,909 | 22,147 |
| Trade and other receivables | 98 | 94 |
| Total current assets | 17,007 | 22,241 |
| Non-current assets | | |
| Property, plant and equipment * | 36,775 | 33,851 |
| Total non-current assets | 36,775 | 33,851 |
| Total assets | 53,782 | 56,092 |
| Current liabilities | | |
| Trade and other payables | 71 | 79 |
| Residential aged care bonds and deposits | 16,909 | 22,147 |
| Employee provisions | 2,121 | 2,512 |
| Total current liabilities | 19,101 | 24,738 |
| Non-current liabilities | | |
| Employee provisions | 120 | 167 |
| Total non-current liabilities | 120 | 167 |
| Total liabilities | 19,221 | 24,905 |

The information provided above in connection with the Residential Aged Care Balance Sheet is derived from selected disclosure of key asset and liability accounts included in Glen Eira City Council's core Balance Sheet.

*Property, plant and equipment in 2020-21 and 2021-22 includes land and buildings in relation to the Spurway, Rosstown and Warrawee sites.

9.5 Special committees and other activities

There are no material special committees or other activities to disclose at reporting date.

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.

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*.



John Vastianos (B.Com., GradCertMgt., FCPA, GAICD)

Principal Accounting Officer

Dated: 30 August 2022

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield

In our opinion, the accompanying Performance Statement of the Glen Eira 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 any particulars in the performance statement to be misleading or inaccurate.

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



Jim Magee

Mayor

Dated: 30 August 2022

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Li Zhang

Deputy Mayor

Dated: 30 August 2022

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Rebecca McKenzie

Chief Executive Officer

Dated: 30 August 2022

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Independent Auditor's Report

To the Councillors of Glen Eira City Council

| | |
|--|---|
| Opinion | <p>I have audited the accompanying performance statement of Glen Eira City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2022 • sustainable capacity indicators for the year ended 30 June 2022 • service performance indicators for the year ended 30 June 2022 • financial performance indicators for the year ended 30 June 2022 • other information and • certification of the performance statement. <p>In my opinion, the performance statement of Glen Eira City Council in respect of the year ended 30 June 2022 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 4 of the <i>Local Government Act 2020 and Local Government (Planning and Reporting) Regulations 2020</i>.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Councillors' responsibilities for the performance statement | <p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of a performance statement that is free from material misstatement, whether due to fraud or error.</p> |

**Auditor's
responsibilities for the
audit of the
performance
statement**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
16 September 2022



Travis Derricott
as delegate for the Auditor-General of Victoria

Description of municipality

The City of Glen Eira is located in Melbourne's south-east suburbs, approximately 10 kilometres from Melbourne's central business district. It was created in 1994 following the merger of the former City of Caulfield and the nearby suburbs of Bentleigh, Bentleigh East, McKinnon and parts of Ormond, which were all in the former City of Moorabbin.

The City of Glen Eira spans 38.67 square kilometres* and includes the suburbs of Bentleigh; Bentleigh East; Carnegie; Caulfield; Caulfield East; Caulfield North; Caulfield South; Elsternwick; Gardenvale; Glen Huntly; McKinnon; Murrumbeena; Ormond; and part of the suburbs of Brighton East and St Kilda East.

Glen Eira is home to 155,123** people across 59,792* households, from more than 160 different cultural backgrounds. It's also the centre of Melbourne's Jewish community.

* Source: Australian Bureau of Statistics, Census of Population and Housing 2021.

** Source: Australian Bureau of Statistics, Estimated Resident Population, 30 June 2021.

| Indicator/Measure | Results | | | | Material variations |
|---|----------|----------|----------|----------|---|
| | 2019 | 2020 | 2021 | 2022 | |
| Population | | | | | |
| Expenses per head of municipal population | \$ 1,069 | \$ 1,105 | \$ 1,128 | \$ 1,123 | |
| [Total expenses/Municipal population] | | | | | |
| Infrastructure per head of municipal population | \$ 3,463 | \$ 3,488 | \$ 3,465 | \$ 4,009 | The movement for 2021-22 is due to increased value of our infrastructure, through new capital works and revaluation of assets. |
| [Value of infrastructure/Municipal population] | | | | | |
| Population density per length of road | 309 | 314 | 318 | 311 | |
| [Municipal population/Kilometres of local roads] | | | | | |
| Own-source revenue | | | | | |
| Own-source revenue per head of municipal population | \$ 1,007 | \$ 945 | \$ 874 | \$ 976 | Our ability to earn fee income was greatly impacted by COVID-19 during 2020 and 2021. This movement reflects increased fee income from parking and Glen Eira Leisure during 2021-22 and is expected to continue to improve in future years. |
| [Own-source revenue/Municipal population] | | | | | |
| Recurrent grants | | | | | |
| Recurrent grants per head of municipal population | \$ 156 | \$ 144 | \$ 142 | \$ 146 | |
| [Recurrent grants/Municipal population] | | | | | |

| Indicator/Measure | Results | | | | Material variations |
|---|---------|------|------|------|---|
| | 2019 | 2020 | 2021 | 2022 | |
| Disadvantage | | | | | |
| Relative socio-economic disadvantage | 10 | 10 | 10 | 10 | |
| [Index of relative socio-economic disadvantage by decile] | | | | | |
| Workforce turnover | | | | | |
| Percentage of staff turnover | 12% | 12% | 17% | 22% | Normal natural attrition, redundancies in residential aged care facilities, and terminations in order to satisfy mandated workforce vaccination requirements. |
| [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] 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 above

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

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

“population” means the resident population estimated by Council

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

“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

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

| Service/Indicator/Measure | Results | | | | Material variations |
|--|-------------|------|------|------|--|
| | 2019 | 2020 | 2021 | 2022 | |
| Aquatic facilities | | | | | |
| Utilisation | | | | | |
| Utilisation of aquatic facilities | 11 | 8 | 2 | 4 | Due to the COVID-19 restrictions Glen Eira Leisure facilities were closed and restricted for significant parts of 2020-21 which resulted in less access for patrons. As lockdowns eased in late 2021, we were able to reopen our facilities to the public. |
| [Number of visits to aquatic facilities / Municipal population] | | | | | |
| Animal management | | | | | |
| Health and safety | | | | | |
| Animal management prosecutions | New in 2020 | 100% | 100% | 100% | |
| [Number of successful animal management prosecutions / Number of animal management prosecutions] | | | | | |

| Service/Indicator/Measure | Results | | | | Material variations |
|--|---------|------|------|------|---------------------|
| | 2019 | 2020 | 2021 | 2022 | |
| Food safety | | | | | |
| Health and safety | | | | | |
| Critical and major non-compliance notifications | 97% | 100% | 96% | 99% | |
| [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 | | | | | |
| Governance | | | | | |
| Satisfaction | | | | | |
| Satisfaction with Council decisions | 61 | 58 | 59 | 62 | |
| [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community] | | | | | |

| Service/Indicator/Measure | Results | | | | Material variations |
|--|---------|------|------|------|--|
| | 2019 | 2020 | 2021 | 2022 | |
| | | | | | |
| Libraries | | | | | |
| Participation | | | | | |
| Active library members | 17% | 16% | 14% | 12% | COVID restrictions and social hesitancy resulted in fewer people actively using the library service. |
| [Number of active library borrowers in the last three years / | | | | | |
| The sum of the population for the last three years] x100 | | | | | |
| | | | | | |
| Maternal and child health | | | | | |
| Participation | | | | | |
| Participation in the MCH service | 81% | 77% | 71% | 73% | |
| [Number of children who attend the MCH service at least once (in the year) / | | | | | |
| Number of children enrolled in the MCH service] x100 | | | | | |

| Service/Indicator/Measure | Results | | | | Material variations | |
|--|---------|------|------|------|--|--|
| | 2019 | 2020 | 2021 | 2022 | | |
| Maternal and child health | | | | | | |
| Participation | | | | | | |
| Participation in the MCH service by Aboriginal children | 95% | 100% | 86% | 78% | The participation of Aboriginal children enrolled who participate in the MCH service has met the set target range. Participation by Aboriginal children fluctuates due to the small number of registered Aboriginal children and this may occur when a child transfers in or out of Council part way through a year. | |
| <div> <div>[Number of aboriginal children who attend the MCH service at least once (in the year) /</div> <div>Number of aboriginal children enrolled in the MCH service] x100</div> </div> | | | | | | |
| Roads | | | | | | |
| Satisfaction | | | | | | |
| Satisfaction with sealed local roads | 70 | 73 | 70 | 69 | | |
| <div> <div>[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]</div> </div> | | | | | | |

| Service/Indicator/Measure | Results | | | | Material variations |
|---|---------|------|------|------|---|
| | 2019 | 2020 | 2021 | 2022 | |
| Statutory Planning | | | | | |
| Decision making | | | | | |
| Council planning decisions upheld at VCAT | 72% | 83% | 59% | 67% | Glen Eira City Council had a very low number of planning applications (total of 41 applications) that were appealed to VCAT in the reporting year. Of these decisions, only nine set aside the decision of Council, while 14 of the appeals were settled through mediation, being more than a third of the appeals lodged with VCAT. The collective results suggest that Council is on balance making positive decisions on applications. |
| [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 | | | | | |
| Waste Collection | | | | | |
| Waste diversion | | | | | |
| Kerbside collection waste diverted from landfill | 46% | 49% | 49% | 62% | Glen Eira City Council diverted more waste from landfill due to a change in collection frequencies. Starting in late July 2021, green food and organic bins are collected weekly, and red general waste bins are collected fortnightly. The change in frequencies has supported more organic waste to be diverted from landfill, and reduced the total tonnes sent to landfill. |
| [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100 | | | | | |

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 98 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 authorised 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 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 authorised 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 the resident population estimated by council

Performance Statement
Financial performance indicators
for the year ended 30 June 2022

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| Results | | | | | Forecasts | | | | |
|--|-------------|----------|----------|----------|-----------|----------|----------|----------|--|
| Dimension/ <i>Indicator</i> /Measure | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Material variations |
| Efficiency | | | | | | | | | |
| <i>Expenditure level</i> | | | | | | | | | |
| Expenses per property assessment [Total expenses / Number of property assessments] | \$ 2,450 | \$ 2,543 | \$ 2,561 | \$ 2,485 | \$ 2,608 | \$ 2,590 | \$ 2,685 | \$ 2,702 | |
| <i>Revenue level</i> | | | | | | | | | |
| Average rate per property assessment [General rates and Municipal charges / Number of property assessments] | New in 2020 | \$ 1,404 | \$ 1,428 | \$ 1,452 | \$ 1,479 | \$ 1,506 | \$ 1,536 | \$ 1,566 | |
| Liquidity | | | | | | | | | |
| <i>Working capital</i> | | | | | | | | | |
| Current assets compared to current liabilities [Current assets / Current liabilities] x100 | 140% | 127% | 121% | 102% | 100% | 88% | 83% | 89% | Council's working capital ratio is expected to fall below 100% in the next few years due to the impact of COVID-19 and a large investment in strategic capital works projects. Our long term aim is to return to a working capital ratio of over 100 per cent, however during the build of our major projects it has been considered acceptable for our liquidity to temporarily drop below this level. |
| <i>Unrestricted cash</i> | | | | | | | | | |
| Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100 | 38% | 34% | (15%) | 27% | 39% | 28% | 24% | 29% | Unrestricted cash movement is due to timing of term deposits at June 2021. Term deposits over 90 days are not included in unrestricted cash, however are easily accessed if required. Future year movements are due to changes in loan borrowings. |

Performance Statement
Financial performance indicators (continued)
for the year ended 30 June 2022

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| Results | | | | | Forecasts | | | | |
|---|-------------|------|------|------|-----------|------|------|------|---|
| Dimension/ <i>Indicator</i> /Measure | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Material variations |
| Obligations | | | | | | | | | |
| <i>Loans and borrowings</i> | | | | | | | | | |
| Loans and borrowings compared to rates [Interest-bearing loans and borrowings / Rate revenue] x100 | 14% | 10% | 6% | 6% | 28% | 46% | 42% | 38% | Our loan borrowings are moving in line with scheduled repayments. Further borrowings are scheduled across 2022-23 and 2023-24 and repayments are in line with our <i>10 Year Financial Plan</i> . |
| <i>Loans and borrowings</i> | | | | | | | | | |
| Loans and borrowings repayments compared to rates [Interest and principal repayments on interest-bearing loans and borrowings / Rate revenue] x100 | 4% | 4% | 3% | 3% | 3% | 2% | 4% | 4% | This indicator will fluctuate over the next three years as scheduled repayments for existing loans come to an end and we start repayment arrangements for new borrowings. |
| Indebtedness | | | | | | | | | |
| Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100 | 10% | 10% | 9% | 6% | 25% | 38% | 34% | 32% | Non-current liabilities have decreased in 2021-22 due to the scheduled repayment of existing loans. In 2022-23 and 2023-24 non-current liabilities will increase due to new loan borrowings that have been provided to fund major capital works projects. |
| <i>Asset renewal and upgrade</i> | | | | | | | | | |
| Asset renewal and upgrade compared to depreciation [Asset renewal and upgrade expenses / Asset depreciation] x100 | New in 2020 | 120% | 89% | 112% | 141% | 220% | 101% | 89% | The 2021-22 renewal works included works unable to be completed in 2020-21. Large spends on capital works are expected in 2022-23 and 2023-24 including construction of several major strategic projects. |

[illegible]

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 above

"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 *Financial 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

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 and for the prescribed financial performance indicators and measures, the results forecast by the council's Financial Plan. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its Financial Plan on 28 June 2022. The Financial 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 Financial Plan is available on Council's website : www.gleneira.vic.gov.au
