

MINUTES

COUNCIL MEETING

TUESDAY 14 SEPTEMBER 2021
6.00PM

Virtual Meeting

LIVE STREAMED ON THE CITY'S WEBSITE:

www.geelongaustralia.com.au/meetings

COUNCIL:

Cr S Asher (Bellarine Ward) - Mayor
Cr T Sullivan (Bellarine Ward) - Deputy Mayor
Cr J Mason (Bellarine Ward)
Cr E Kontelj (Brownbill Ward)
Cr S Mansfield (Brownbill Ward)
Cr P Murrihy (Brownbill Ward)
Cr B Harwood (Kardinia Ward)
Cr B Moloney (Kardinia Ward)
Cr R Nelson (Kardinia Ward)
Cr A Aitken (Windermere Ward)
Cr K Grzybek (Windermere Ward)

INDEX

1. PROCEDURAL MATTERS.....	3
1.1. Purpose of Meeting	3
1.2. Acknowledgement of Country	3
1.3. Apologies	4
1.4. Leaves of Absence	4
1.5. Declarations of Conflicts of Interest	4
2. REPORTS	5
2.1. Annual Financial Report for Year Ended 30 June 2021.....	5
2.2. Long-term Financial Plan	86
3. CLOSE OF MEETING.....	128

Present: Cr T Sullivan (Deputy Mayor), Crs A Aitken, K Grzybek, B Harwood, E Kontelj, S Mansfield, J Mason, P Murrihy, B Moloney, R Nelson

Also Present: M Cutter (Chief Executive Officer), M Dugina (Director Customer and Corporate Services), S McKew (Manager Governance)

Opening: The Deputy Mayor declared the meeting open at 6.04pm.

1. PROCEDURAL MATTERS

1.1. Purpose of Meeting

The purpose of this Council Meeting is to consider the following agenda items:

1. Annual Financial Report for the Year Ended 30 June 2021; and
2. Draft Long-term Financial Plan.

This meeting has been scheduled in order to meet annual statutory local government reporting requirements and timelines, as detailed in the report for Item 1.

1.2. Acknowledgement of Country

Council acknowledges Wadawurrung Traditional Owners of this land and pays its respect to all Elders past and present and to all Aboriginal and Torres Strait Islander People who are part of the Greater Geelong community today.

Councillor Statements

Cr Kontelj would like to acknowledge our residents who find themselves in other states at the moment, unable to cross the border to return home due to COVID restrictions.

We all know how difficult the pandemic has been in so many ways and of course this is only heightened when separated from our loved ones at home.

Cr Murrihy noted Councillors have been heartened by the announcement from the state government that home-based quarantine trials will begin for returning Victorians.

We have written to the Premier encouraging the government to work as quickly as it can to finalise a solution to bring people home as soon as possible.

We wish our residents and their families a speedy and safe return.

1.3. Apologies

Cr Stephanie Asher (Mayor)

1.4. Leaves of Absence

Cr Mason moved, Cr Mansfield seconded -

That Leave of Absence be granted to Cr Asher for the period 14 September to 21 September 2021 inclusive.

Carried

1.5. Declarations of Conflicts of Interest

Nil

2. REPORTS

2.1. Annual Financial Report for Year Ended 30 June 2021

Source: Customer & Corporate Services

Director: Michael Dugina

Purpose

1. To approve 'in-principle' the Audited Financial Statements and the Annual Performance Statement which are contained within the Annual Financial Report and authorise the Deputy Mayor and another Councillor to certify the statements.

Background

2. Under section 98 of the *Local Government Act 2020* (the Act), in each financial year Council must prepare an annual report that includes audited financial statements and a performance statement for the financial year. These statements must be prepared in the prescribed manner and form and be certified by the City's external auditor. The City's current external auditor is the Victorian Auditor-General's Office (VAGO).
3. The City's Audit and Risk Committee have the responsibility according to its Charter in section 4.i – Financial Reporting to:
 - 3.1. Review the annual financial report and performance statement and consider whether they are complete, consistent with information known to committee members and reflects appropriate accounting treatments; and
 - 3.2. Recommend the adoption of the annual financial report and performance statement to Council.
4. Under section 99 of the Act, Council is required to approve 'in-principle' the statements prior to receiving final certification from the Auditor-General. Council's approval requires nominating two Councillors to certify those statements, together with Chief Executive Officer and Principal Accounting Officer, and to lodge these statements with the Auditor-General.

Key Matters

5. The 2020-21 audited financial statements and performance statement have been prepared by the City and reviewed by VAGO. These statements have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards.
6. A draft closing audit report and draft final management letter has been received from VAGO. VAGO has concluded that the statements are presented fairly and has, 'in-principle' given its clearance of the statements.
7. The 2020-21 financial statement of accounts highlight:
 - 7.1. A satisfactory period of operation with a \$141.6 million surplus, high closing cash balances of \$144 million and significant asset growth to \$3.2 billion;

- 7.2. An overall spend of \$540 million, including operating expenditure \$418.2 million and capital expenditure \$121.8 million. The comprehensive income statement highlights a surplus for the year of \$141.6 million plus \$208.7 million asset revaluation increment for a total comprehensive result of \$350.3 million;
 - 7.3. Early receipt of \$11.8 million being 50% of the Victorian Financial Assistance Grants funding for 2021-22 and \$7.8 million of Working for Victoria Funding; and
 - 7.4. The balance sheet shows that Council has a very strong asset position with over \$3.1 billion worth of assets that are used to provide services to the community.
8. The completion of the 2020-21 audited financial statements has indicated that the Council is in a sound financial position to meeting its obligations going forward.

RESOLUTION - Item 2.1

Cr Aitken moved, Cr Grzybek seconded -

That Council:

- 1. Approve 'in-principle' the Annual Financial Report and the Annual Performance Statement for the year ended 30 June 2021;**
- 2. Authorise the Chief Executive Officer to forward the Annual Financial Report and the Annual Performance Statement to the Victorian Auditor-General's Office;**
- 3. Authorise the Chief Executive Officer and two Councillors to certify the final versions of the Annual Financial Report and the Annual Performance Statement;**
- 4. Authorise the Chief Financial Officer to make any non-material changes to the Annual Financial Report and the Annual Performance Statement that may arise from the completion of audit and internal review procedures;**
- 5. Authorise the Chief Financial Officer to make any material changes discussed with VAGO after discussion with the Chair of the Audit and Risk Committee before reporting to Council; and**
- 6. Authorise that the Audit and Risk Committee members be provided with final copies of the signed Annual Financial Report and the Annual Performance Statement.**

Carried

Financial Sustainability

9. As detailed within the attached 2020-21 audited financial statements.

Community Engagement

10. The 2020-21 audited financial statements and the performance statement will be available to the public as part of the published Annual Report, available on the Geelong Australia website www.geelongaustralia.com.au.
11. The prescribed indicators and measures of service performance outcome, financial performance and sustainable capacity will be available on the State Government 'Know Your Council' website.

Social Equity and Sustainability

12. Incomes and expenditures on the City's social equity programs are included in the attached 2020-21 audited financial statements.

Relevant Law/Policy/Legal Implications

13. Under section 98 of the Act a Council must in respect of each year prepare an Annual Report, which includes audited financial statements for the financial year.
14. Under section 99 of the Act a Council must not submit the financial statements to its auditors of the Minister unless it has passed a resolution giving approval 'in-principle' to the statements.
15. Under section 99 of the Act a Council must authorise two Councillors to certify the statements in their final form after any changes recommended or agreed to with the auditor.
16. The actions outlined in this report are aimed at complying with the requirements of the Act.

Alignment to Community Plan and Vision

17. This report aligns with Our Community Plan 2021-2025 strategic priority: High-performing council and organisation.
18. This report aligns with the Community led 30-year Vision, "Greater Geelong: A Clever and Creative Future" community aspiration:
A prosperous economy that supports jobs and education opportunities.

Conflict of Interest

19. No officer involved in the preparation of this report declared a general or material conflict of interest.

Risk Assessment

20. The 2020-21 audited financial statements are released as a draft and are still subject to being signed off by the Auditor-General.

Environmental Sustainability

21. Incomes, expenditure and investments focus on the preservation and enhancement of Council's commitment to environmental strategies and targets.

Total Comprehensive Result

22. The \$141.6 million surplus result was (\$56.8 million) favourable to adopted budget and included the following favourable and unfavourable income and expenditure items.
23. Main variances are as follows:

	Budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
INCOME			
Rates and charges	260,311	257,691	(2,620)
Statutory fees and fines	15,877	12,504	(3,373)
User fees	50,943	45,697	(5,246)
Grants - operating	45,907	68,867	22,960
Grants - capital	11,573	21,485	9,913
Contributions - monetary	14,608	33,761	19,153
Contributions - nonmonetary	75,000	98,699	23,699
Other income	4,496	1,341	(3,155)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	3,866	(995)	(4,861)
Share of net profits (losses) of associates	0	(74)	(74)
Total Income	482,850	538,975	56,395
EXPENSES			
Employee costs	173,190	171,830	1,361
Materials & services	116,821	118,038	(1,217)
Bad & doubtful debts	1,060	1,741	(681)
Depreciation & amortisation	69,063	68,281	782
Amortisation – intangible assets	387	387	0
Amortisation – right of use assets	2,813	3,201	(388)
Borrowing costs	3,336	2,993	1343
Finance costs - leases	134	147	(13)
Other expenses	30,170	30,802	(632)
Total expenses	396,974	397,419	(445)
Surplus/(Deficit) for the year	85,606	141,556	56,840

Variance Explanation

24. Grants Commission 2021-22, 50% received in June 2021 totalling \$11.8 million and Working for Victoria funding received totalling \$7.8 million.
25. Parking infringement income reduced by \$1.9 million due to the introduction of free parking and refunds of \$1.5 million for health/food permits due to COVID-19 stimulus package.
26. Levies from developers were received early due to growth being greater than budget.
27. Increased subdivision assets of \$5.5 million and recognition of open space \$18.2 million.
28. User fees reduced due to closure of leisure centres and outdoor pools \$4.4 million and waiving of on-street and off-street parking fees and reduced utilisation \$3.4 million.
29. Grants were received for a number of capital projects earlier than anticipated or as unbudgeted projects of \$9.9 million.

Balance Sheet

30. The balance sheet shows that Council has a very strong asset position with over \$3.1 billion worth of assets that are used to provide services to the community.
31. Current liabilities are \$118.0 million which is predominately, leave provisions, trade payables, trust funds and deposits and non-current liabilities are \$125.2 million which has increased due to the drawing down of a loan in 2020-21.
32. Debt levels increased during the year from \$82.6 million to \$117.1 million with \$45 million of new loans and \$10.5 million repayment of borrowings.

Statement of Cash Flows

33. Council's cash position at the end of the year is \$144.0 million, which is an increase from the opening balance.
34. The cash balance will provide funds to complete capital and non-capital projects carried over from 2020-21 and working capital to ensure service provision continues at the same levels in 2021-22.

Statement of Capital Works

35. Council has an extensive capital works program to renew, upgrade and provide new assets to ensure the continuation and improvement of services provided to the community. Council spent \$121.2 million on capital works in 2020-21 and included the following highlights.

	Actual \$m
Civic accommodation	32.5
Road replacement and construction	29.6
West Oval redevelopment	9.1
Computers and telecommunications	5.9
Drainage replacement and construction	5.5
LED Lighting and smart control delivery	4.5
Footpaths and bike paths	4.3
Herne Hill Reserve	3.5
Fleet	3.1
Kerb and channel replacement	2.1
Building renewal works	1.9
Northern Aquatic Community Hub (NACH) detailed design	0.8
New bin supply	0.8
Gym equipment	0.7
Playground development	0.5
Queens Park Golf Club water irrigation	0.5

Performance Statement as at 30 June 2021

36. 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, 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 Act and *Local Government (Planning and Reporting) Regulations 2014*.
37. The governance and management checklist has been completed for 2020-21. The results in the prescribed form represent Council's assessment against the prescribed governance and management checklist as at 30 June 2021.
38. Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the 2020-21 audited financial statements. The other results are based on information drawn from the City's information systems or from third parties (e.g. Australian Bureau of Statistics).
39. The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures and the results forecast by the Council's Strategic Resource Plan. The forecast figures included in the performance statement are those adopted by Council in its four year budget on 22 June 2021 and which forms part of Our Community Plan. The results for 2020-21 are consistent with the results from the previous year.

40. The performance statement and performance indicators prescribed under the Local Government Performance Reporting Framework will be reported on the 'Know Your Council' website (www.knowyourcouncil.vic.gov.au).
41. In accordance with the requirements of section 99 of the Act the nominated Principal Accounting Officer of Council, two Councillors and the Chief Executive Officer are required to sign the performance statement. The Governance and Management checklist is required to be signed by Chief Executive Officer and the Mayor to represent the status of Council's Governance and Management arrangements.

Audit

42. The external audit, conducted by the Victorian Auditor General's Office (VAGO), was completed on Friday, 20 August 2021 as per the audit plan. A closing report summarising the audit findings and a Final Management Letter has been reviewed by the Audit and Risk Committee.

Attachments

1. City of Greater Geelong Annual Financial Report 2020-21 - Post ARC 8 September 2021 [2.1.1 - 45 pages]
2. Performance Statement 2020 21 Post ARC Review [2.1.2 - 13 pages]
3. Councillor - Management Representation Letter - For the Year Ended 30 June 2021 [2.1.3 - 8 pages]
4. VAGO - Management Representation Letter - For the Year Ended 30 June 2021 [2.1.4 - 8 pages]

**City of Greater Geelong
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2021

City of Greater Geelong

Financial Report

Table of Contents

FINANCIAL REPORT		Page
Certification of the Financial Statements		1
Victorian Auditor-General's Office Audit Report		2
 Financial Statements		
Comprehensive Income Statement		4
Balance Sheet		5
Statement of Changes in Equity		6
Statement of Cash Flows		7
Statement of Capital Works		8
 Overview		 9
 Notes to Financial Statements		
Note 1	Performance against budget	10
	1.1. Income and expenditure	10
	1.2. Capital works	11
Note 2	Analysis of Council results by program	12
Note 3	Funding for the delivery of our services	14
	3.1. Rates and charges	14
	3.2. Statutory fees and fines	14
	3.3. User fees	14
	3.4. Funding from other levels of government	14
	3.5. Contributions	15
	3.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment	15
	3.7. Other income	16
Note 4	The cost of delivering services	16
	4.1. Employee costs	16
	4.2. Materials and services	16
	4.3. Depreciation	16
	4.4. Amortisation - Intangible assets	16
	4.5. Amortisation - Right of use assets	16
	4.6. Bad and doubtful debts	17
	4.7. Borrowing costs	17
	4.8. Finance Costs - Leases	17
	4.9. Other expenses	17
Note 5	Our financial position	17
	5.1. Financial assets	17
	5.2. Non-financial assets	19
	5.3. Payables	19
	5.4. Interest-bearing liabilities	20

City of Greater Geelong

Financial Report

Table of Contents

FINANCIAL REPORT		Page
	5.5. Provisions	20
	5.6. Financing arrangements	21
	5.7. Commitments	22
	5.8. Leases	22
Note 6	Assets we manage	24
	6.1. Property, infrastructure plant and equipment	24
	6.2. Investments in associates	31
Note 7	People and relationships	32
	7.1. Council and key management remuneration	32
	7.2. Related party disclosure	33
Note 8	Managing uncertainties	34
	8.1. Contingent assets and liabilities	34
	8.2. Change in accounting standards	35
	8.3. Financial instruments	35
	8.4. Fair value measurement	37
	8.5. Events occurring after balance date	37
Note 9	Other matters	38
	9.1. Reserves	38
	9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	40
	9.3. Superannuation	40
Note 10	Change in accounting policy	42

City of Greater Geelong
2020-2021 Financial Report

Certification of the Financial Statements

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

Karen Olesnicky CPA
Principal Accounting Officer

Date : 14th September 2021
Geelong

In our opinion the accompanying financial statements present fairly the financial transactions of the City of Greater Geelong for the year ended 30 June 2021 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

Cr T Sullivan
Councillor
Date : 14th September 2021
Geelong

Cr A Aitken
Councillor
Date : 14th September 2021
Geelong

Martin Cutter
Chief Executive Officer
Date : 14th September 2021
Geelong

City of Greater Geelong
2020-2021 Financial Report

<INSERT VAGO REPORT - PAGE 1>

City of Greater Geelong
2020-2021 Financial Report

<INSERT VAGO REPORT - PAGE 2>

City of Greater Geelong
2020-2021 Financial Report

Comprehensive Income Statement
For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Rates and charges	3.1	257,691	241,910
Statutory fees and fines	3.2	12,504	11,546
User fees	3.3	45,697	53,685
Grants - operating	3.4(a)	68,867	57,451
Grants - capital	3.4(b)	21,485	10,250
Contributions - monetary	3.5	33,761	18,170
Contributions - non monetary	3.5	98,699	89,952
Other income	3.7	1,341	4,420
Total income		540,045	487,384
Expenses			
Employee costs	4.1(a)	171,830	163,273
Materials and services	4.2	118,038	121,238
Depreciation	4.3	68,281	68,999
Amortisation - intangible assets	4.4	387	663
Amortisation - right of use assets	4.5	3,201	2,981
Bad and doubtful debts	4.6	1,741	6,327
Borrowing costs	4.7	2,993	2,246
Finance costs - leases	4.8	147	375
Other expenses	4.9	30,802	29,694
Share of net (profits) or loss of associates and joint ventures	6.2	74	725
Net (gain)/ or loss on disposal of property, infrastructure, plant and equipment	3.6	995	5,918
Total expenses		398,489	402,440
Surplus for the year		141,556	84,945
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	9.1	208,718	166,028
Total comprehensive result		350,274	250,973

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

City of Greater Geelong
2020-2021 Financial Report

Balance Sheet
As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	66,913	22,083
Trade and other receivables	5.1(c)	16,251	11,900
Other financial assets	5.1(b)	77,092	81,287
Inventories	5.2(a)	1,092	1,113
Other assets	5.2(b)	4,233	4,850
Total current assets		165,581	121,232
Non-current assets			
Trade and other receivables	5.1(c)	15,317	9,429
Intangible assets	5.2(c)	2,450	2,837
Investments in associates	6.2	9,327	9,401
Right-of-use assets	5.8	3,230	5,628
Property, infrastructure, plant and equipment	6.1	3,158,782	2,814,027
Total non-current assets		3,189,106	2,841,322
Total assets		3,354,687	2,962,553
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	36,647	35,827
Trust funds and deposits	5.3(b)	12,800	12,827
Unearned Income	5.3(c)	15,578	9,119
Provisions	5.5	38,164	35,706
Interest-bearing liabilities	5.4	12,006	11,291
Lease liabilities	5.8	2,835	2,812
Total current liabilities		118,030	107,583
Non-current liabilities			
Provisions	5.5	19,557	19,488
Interest-bearing liabilities	5.4	105,062	71,317
Lease liabilities	5.8	558	2,957
Total non-current liabilities		125,176	93,762
Total liabilities		243,206	201,345
Net assets		3,111,481	2,761,209
Equity			
Accumulated surplus		1,652,273	1,541,038
Reserves	9.1	1,459,208	1,220,169
Total Equity		3,111,481	2,761,207

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

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

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000	Total Reserves \$'000
2021						
Balance at beginning of the financial year		2,761,207	1,541,038	1,187,580	32,589	1,220,169
Surplus/(deficit) for the year		141,556	141,556	-	-	-
Net asset revaluation increment/(decrement)	9.1(a)	208,718	-	208,718	-	208,718
Transfers to other reserves	9.1(b)	-	(62,135)	-	62,135	62,135
Transfers from other reserves	9.1(b)	-	31,813	-	(31,813)	(31,813)
Balance at end of the financial year		3,111,481	1,652,273	1,396,298	62,910	1,459,208

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000	Total Reserves \$'000
2020						
Balance at beginning of the financial year		2,510,236	1,469,699	1,021,552	18,983	1,040,535
Surplus/(deficit) for the year		84,945	84,945	-	-	-
Net asset revaluation increment/(decrement)	9.1(a)	166,028	-	166,028	-	166,028
Transfers to other reserves	9.1(b)	-	(46,477)	-	46,477	46,477
Transfers from other reserves	9.1(b)	-	32,872	-	(32,872)	(32,872)
Balance at end of the financial year		2,761,207	1,541,038	1,187,580	32,589	1,220,169

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

City of Greater Geelong
2020-2021 Financial Report

Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021 Inflows/ (Outflows) \$'000	2020 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		245,240	237,279
Statutory fees and fines		13,233	13,238
User fees		39,671	60,723
Grants - operating		78,406	63,228
Grants - capital		31,125	15,811
Contributions - monetary		33,803	18,061
Interest received		567	1,484
Trust funds and deposits taken		5,710	6,838
Net GST refund/(payment)		22,370	19,348
Employee costs		(164,639)	(152,031)
Materials and services		(173,335)	(180,766)
Short-term, low value and variable lease payments		(1,384)	(1,259)
Trust funds and deposits repaid		(5,504)	(2,765)
Net cash provided by/(used in) operating activities	9.2	125,263	99,189
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(121,179)	(122,882)
Proceeds from sale of property, infrastructure, plant and equipment		8,463	9,933
Payments for investments		(140,098)	(155,517)
Proceeds from sale of investments		144,293	168,148
Net cash provided by/(used in) investing activities		(108,521)	(100,318)
Cash flows from financing activities			
Finance costs		(2,937)	(2,223)
Proceeds from borrowings		45,000	25,000
Repayment of borrowings		(10,540)	(8,234)
Interest paid - lease liability		(147)	(375)
Repayment of lease liabilities		(3,288)	(2,840)
Net cash provided by/(used in) financing activities		28,088	11,328
Net increase/(decrease) in cash and cash equivalents		44,830	10,200
Cash and cash equivalents at the beginning of the financial year		22,083	11,883
Cash and cash equivalents at the end of the financial year	5.1	66,913	22,083
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

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

	Note	2021 \$'000	2020 \$'000
Property			
Land		126	4,612
Buildings		36,527	25,371
Total property		36,653	29,983
Plant and equipment			
Plant, machinery and equipment		3,492	6,620
Computers and telecommunications		5,987	4,274
Total plant and equipment		9,479	10,894
Infrastructure			
Roads		31,758	26,970
Footpaths and cycleways		4,317	5,614
Drainage		5,452	16,005
Recreational, leisure and community facilities		2,389	14,285
Waste management		1,294	1,599
Parks, open space and streetscapes		24,204	11,100
Other infrastructure		5,634	6,433
Total infrastructure		75,047	82,006
Total capital works expenditure		121,179	122,883
Represented by:			
New asset expenditure		81,812	76,446
Asset renewal expenditure		34,414	36,765
Asset upgrade expenditure		4,953	9,672
Total capital works expenditure		121,179	122,883

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

OVERVIEW**Introduction**

The City of Greater Geelong was established by an Order of the Governor in Council on 18 May 1993 and is a body corporate. The Council's main office is located at 30 Gheringhap Street, Geelong.

Statement of compliance

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of landfill airspace (refer to Note 5.2)
- 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)
- management have reviewed the relationship with Geelong Regional Library Corporation (GRLC) and will continue to account for this on an equity basis. The GRLC Board and senior management team make all the decision relative to the services provided. The City does not have discretion to direct the activities of the GRLC.

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

On 30th January 2020, COVID-19 was declared as a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19, with many measures having significant impacts on the economy and business operations.

The Council, in line with the Victorian Government Stage 3 'Stay at Home' restrictions effective from March 28 2020, were forced to close or restrict access to leisure, community, sporting and arts facilities. These closures had an impact on general revenue and expenses, as well as employees being stood down. Redeployment was commenced to minimise the impact on our staff.

Through the Working for Victoria fund, a State Government COVID-19 initiative, the City has received close to \$8m this financial year to employ just under 200 FTE to help stimulate employment throughout the region.

Since the commencement of the pandemic, Council has adopted 6 support packages to assist the community and businesses during the pandemic and to provide support through the recovery process. The value of this support which spans both 2019-20 and 2020-21 financial years was budgeted at \$16.9m.

The net impact of COVID-19 on the 2020-21 financial statements is \$14.8m (2019-20 \$10.5m)

Areas	Summary of impact	\$m
Leisure	Leisure centres and outdoors were forced to close, decreasing revenue from user fees	\$4.4
Parking	On street and off street car parking fees were waived to 31 December 2020, plus lower utilisation from on-going restrictions	\$3.4
Refunds & revenue loss	Council's relief package providing refunds for a number fees and services, including health/food licences, events and caravan park fees. Closure of arts and cultural centres and reduction and waiver of fair play lease	\$2.7
Infringements	Free parking initiatives introduced by Council impacted the number of infringements issued reducing income	\$1.8
Childcare Centres	Reduction in utilisation in City run long day care services, plus changes to Government funding reducing income	\$1.2
Other	Decreased retail sales, provision of additional COVID-19 PPE for staff, general support to businesses	\$1.3

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$10.8m 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 30 June 2020. The budget was based on assumptions that were relevant at the time of adoption of the budget. Council sets guidelines and parameters for income 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 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure

	Budget 2021 \$'000	Actual 2021 \$'000	Variance 2021 \$'000	Variance 2021 %	Ref
Income					
Rates and charges	260,311	257,691	(2,620)	-1%	
Statutory fees and fines	15,877	12,504	(3,373)	-21%	1
User fees	50,943	45,697	(5,246)	-10%	2
Grants - operating	45,907	68,867	22,960	50%	3
Grants - capital	11,573	21,485	9,913	86%	4
Contributions - monetary	14,608	33,761	19,153	131%	5
Contributions - non monetary	75,000	98,699	23,699	32%	6
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	3,866	(995)	(4,861)	-126%	7
Other income	4,496	1,341	(3,155)	-70%	8
Total income	482,580	539,050	56,470	12%	
Expenses					
Employee costs	173,190	171,830	1,361	1%	
Materials and services	116,821	118,038	(1,217)	-1%	
Depreciation	69,063	68,281	782	1%	
Amortisation - Intangible assets	387	387	-	0%	
Amortisation - Right of use assets	2,813	3,201	(388)	-14%	9
Bad and doubtful debts	1,060	1,741	(681)	-64%	10
Borrowing costs	3,336	2,993	343	10%	11
Finance costs - Leases	134	147	(13)	-10%	12
Share of net profits/(losses) of associates	-	74	74	0%	
Other expenses	30,170	30,802	(632)	-2%	
Total expenses	396,974	397,494	(371)	0%	
Surplus/(deficit) for the year	85,606	141,556	56,841	66%	

(i) Explanation of material variations

1	Statutory fees and fines	Parking infringement income was lower than budget due to free parking and lower utilisation \$1.9m and Health and Food permit holders were provided with fee relief \$1.5m
2	User fees	Closure of leisure centres and outdoor pools \$4.4m, waiving of on and off street parking fees and reduced utilisation \$3.4m.
3	Grants - operating	Council received \$7.8m funding for Working for Victoria which was not budgeted, 50 % of the 2021-22 Financial Assistance Grants in June 2021 \$11.8 and other business related stimulus grants as a result of COVID-19 impacts \$1.0m.
4	Grants - capital	Grants were received for Drysdale Library \$1.0m, West Oval redevelopment \$2.4m, Ripplside Playground \$0.5m, Various reserve upgrades \$1.5m, Traffic management \$2.0m, Public Wifi \$0.9m and Fixing Country Roads \$0.6m - either earlier than budgeted or as unbudgeted projects.
5	Contributions - monetary	Levies were received for various development schemes around the municipality that exceeded budget due to growth being higher than expected. Schemes where levies exceeded budget included Ocean Grove \$1.2m, Armstrong Creek South \$0.8m, Horseshoe Bend \$6.2m, Armstrong Creek West \$5.2m, Armstrong Creek East \$4.6m and Armstrong Creek Public Open space \$1.0m.
6	Contributions - non monetary	The value of assets contributed to Council by developers was greater than budget due to unexpected completion of sub division works which was driven by growth. Assets contributed included sub division works / infrastructure \$5.5m and open space \$18.2m.
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Expected sale of properties did not occur during the year \$6.1m offset by lower than budget disposal of infrastructure assets \$2.5m.
8	Other income	Interest income was \$0.8m lower than budget due to reduced amounts of cash held on deposit and interest rates remaining low during the year. Retail sales were \$0.8m lower due to closure of facilities due to COVID-19. Vehicle contributions lower than budget \$0.2m resulting from staff ceasing vehicle agreements. Actual reimbursements allocated to statutory fees but budgeted under other income \$0.6m.
9	Amortisation - Right of use assets	New leases were entered into during the year which increased the amortisation associated with the assets recognised under the contracts.
10	Bad and doubtful debts	Additional provision for the demolition costs of Belchers Corner Building, offset by reduced provisions for parking infringements.
11	Borrowing costs	Deferral of budgeted borrowings and lower than expected interest rates on current borrowings has resulted in these costs being less than budget.
12	Finance costs - Leases	New leases were entered into during the year which increased the finance cost associated with these contracts.

1.2 Capital works

	Budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	11,001	126	(10,875)	-99%	1
Total land	11,001	126	(10,875)	-99%	
Buildings	53,358	36,527	(16,831)	-32%	2
Total buildings	53,358	36,527	(16,831)	-32%	
Total property	64,359	36,653	(27,706)	-43%	
Plant and equipment					
Plant, machinery and equipment	4,839	3,492	(1,347)	-28%	3
Computers and telecommunications	12,279	5,987	(6,292)	-51%	4
Total plant and equipment	17,118	9,479	(7,639)	-45%	
Infrastructure					
Roads	27,385	31,758	4,373	16%	5
Footpaths and cycleways	5,068	4,317	(752)	-15%	6
Drainage	9,245	5,452	(3,793)	-41%	7
Recreational, leisure and community facilities	4,831	2,389	(2,442)	-51%	8
Waste management	1,338	1,294	(44)	-3%	
Parks, open space and streetscapes	23,806	24,204	398	2%	
Other infrastructure	7,270	5,634	(1,636)	-23%	9
Total infrastructure	78,943	75,047	(3,896)	-5%	
Total capital works expenditure	160,419	121,179	(39,240)	-24%	
Represented by:					
New asset expenditure	107,813	81,812	(26,001)	-24%	
Asset renewal expenditure	35,549	34,414	(1,135)	-3%	
Asset upgrade expenditure	17,057	4,953	(12,104)	-71%	
Total capital works expenditure	160,419	121,179	(39,240)	-24%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Delay of land acquisition in Armstrong Creek \$3.9m, Sparrowale Wetlands \$1.7m, New Station - New Corio Estates purchase and development \$5.5m.
2	Buildings	Delayed spending on Civic Accommodation \$18.9m off set by early delivery of Herne Hill project.
3	Plant, machinery and equipment	Dedicated fleet orders delayed \$1.7m offset by delivery licence plate recognition project from previous year \$0.2m.
4	Computers and telecommunications	Delayed expenditure on digital modernisation \$6.0m and IT core asset replacement \$0.4m.
5	Roads	Completion of projects from previous years - Fixing Country Roads \$2.9m, Tivoli Drive \$1.3m, Safe Travel in local streets \$0.5m, increased spend on Road Rehabilitation program \$0.9m and road widening \$0.6m. Offset by delay in Patullos Road project \$1.7m.
6	Footpaths and cycleways	Completion of Scenic Road Bikepath \$0.5m and The Dell Boardwalk \$0.2m offset by delayed expenditure on Footpath Special Rate and Charge \$0.9m and Footpath replacement program \$0.1m.
7	Drainage	Elcho Road Channel project delayed \$2.9m, Drainage subprogram underspent \$1.8m, Civic Accommodation drainage \$0.4m, offset by Epworth Drainage completion \$0.7m and Sparrowale wetlands works \$0.7m.
8	Recreational, leisure and community facilities	A number of projects with budget carry over have not been commenced/completed - \$1.5m in addition to delayed spend on Armstrong Creek Community Shed \$0.6m, Bell Park Community Hub \$0.1m and Labuan Square renewal \$0.1m.
9	Other infrastructure	Delivery of grants program is delayed \$0.6m, St Leonards Streetscape not commenced \$0.3m and works at Eastern Beach delayed \$0.23m

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a) Customer and Corporate Services

Customer and Corporate Services provides efficient, effective and proactive support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes finance services, digital information and technology, property and procurement, Business Process Improvement, Civic Accommodation Project, Integrity and Risk and Legal Services.

City Planning and Economy

The planning services area includes the assessment of city development, health and local laws, planning strategy and urban growth. Our Economy area supports local festivals and major events in order to provide economic development and tourism to the region.

Community Life

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

City Services

City services is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. These assets include capital works engineering services, environment and waste, city works, parks and gardens, emergency management and municipal resources.

Chief Executive

Incorporates Governance and legal services with administration of the Office of the Chief Executive in order to provide effective oversight of the organisation.

Strategy, People and Performance

Aligns human resources with Council strategy in order to meet the needs of the growing community.

City of Greater Geelong
2020-2021 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2021

2 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus	Grants	Total assets
	\$'000	\$'000	/(Deficit)	included in	\$'000
2021			\$'000	income	
				\$'000	
Customer and Corporate Services	280,476	53,251	227,225	22,141	393,767
City Planning & Economy	58,611	59,456	(846)	4,247	140,940
Community Life	81,090	93,322	(12,233)	35,790	663,405
City Services	112,009	165,160	(53,150)	20,372	2,156,575
Chief Executive	7,819	15,982	(8,162)	7,802	-
Strategy, People & Performance	40	11,318	(11,278)	-	-
	540,045	398,489	141,556	90,352	3,354,688

City of Greater Geelong underwent an organisational restructure during 2020-21. Economy, Investment and Attraction merged with Planning, Design and Development to form City Planning & Economy. People and Culture joined with Strategy to form a new division known as Strategy, People and Performance. Governance/Mayor & Councillor support also shifted into the Chief Executive division.

	Income	Expenses	Surplus	Grants	Total assets
	\$'000	\$'000	/(Deficit)	included in	\$'000
2020			\$'000	income	
				\$'000	
Customer and Corporate Services	267,714	48,197	219,516	22,986	310,471
Planning, Design and Development	37,396	29,686	7,710	1,060	11,461
Community Life	75,424	97,344	(21,920)	30,947	548,405
City Services	102,109	170,042	(67,933)	11,689	1,969,797
Economy, Investment and Attraction	4,585	37,909	(33,324)	1,020	122,421
People and Culture & CEO	(0)	8,931	(8,932)	-	-
Governance, Strategy and Performance	156	10,329	(10,173)	-	-
	487,384	402,440	84,944	67,701	2,962,554

	2021 \$'000	2020 \$'000
Note 3 Funding for the delivery of our services		
3.1 Rates and charges		
Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the total market value of the land plus buildings and other improvements.		
The valuation base used to calculate general rates for 2020-21 was \$76.24 billion (2019-20 \$73.68 billion).		
General rates	208,507	186,442
Municipal charge	-	13,263
Waste management charge	42,825	38,325
Special rates and charges	2,840	1,165
Supplementary rates and rate adjustments	3,052	2,217
Interest on rates and charges	394	427
Revenue in lieu of rates	72	71
Total rates and charges	257,691	241,910
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation will be first applied in the rating year commencing 1 July 2020.		
Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.		
The municipal charge has been removed in 2020-21 and absorbed into general rates. This will directly benefit ratepayers with lower property values by redistributing costs, meaning higher value properties will absorb a greater amount of the cost.		
3.2 Statutory fees and fines		
Infringements and costs	2,218	2,185
Court recoveries	408	900
Town planning fees	2,611	2,253
Land information certificates	2,579	2,351
Permits	4,688	3,857
Total statutory fees and fines	12,504	11,546
Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.		
3.3 User fees		
Aged and health services	3,098	3,017
Leisure centre and recreation	7,934	14,921
Child care/children's programs	6,330	5,938
Parking	3,096	6,906
Building services	4,880	4,547
Waste management services	11,118	10,247
National Wool Museum	294	586
Parks	222	159
Rental and leasing	1,815	2,703
Road works	550	934
Planning	3,954	870
Other fees and charges	2,408	2,856
Total user fees	45,697	53,685
User fees by timing of revenue recognition		
User fees recognised over time	-	-
User fees recognised at a point in time	45,697	53,685
Total user fees	45,697	53,685
User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.		
3.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	50,427	46,156
State funded grants	39,925	21,545
Total grants received	90,352	67,701
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	22,141	22,900
Family services	10,619	9,721
General home care	14,333	12,826
Other	241	323
Recurrent - State Government		
Aged care	2,074	2,162
School crossing supervisors	912	908
Family services	7,973	5,949
Environment	252	-
Community development	674	233
Other	1,846	2,430
Total recurrent operating grants	61,065	57,451
Non-recurrent - State Government		
Working for Victoria	7,802	-
Total non-recurrent operating grants	7,802	-
Total operating grants	68,867	57,451

	2021 \$'000	2020 \$'000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	2,309	2,059
Total recurrent capital grants	2,309	2,059
Non-recurrent - Commonwealth Government		
Recreation	785	168
Other	-	219
Non-recurrent - State Government		
Roads	6,417	3,308
IT	923	-
Recreation	9,399	2,727
Buildings	1,015	945
Other	639	824
Total non-recurrent capital grants	19,177	8,191
Total capital grants	21,485	10,250

(c) Unspent grants received on condition that they be spent in a specific manner**Operating**

Balance at start of year	5,775	-
Received during the financial year and remained unspent at balance date	4,892	5,775
Received in prior years and spent during the financial year	(2,128)	-
Balance at year end	8,539	5,775

Capital

Balance at start of year	3,344	1,051
Received during the financial year and remained unspent at balance date	6,766	3,344
Received in prior years and spent during the financial year	(3,344)	(1,051)
Balance at year end	6,766	3,344

Operating grant revenue with sufficiently specific performance obligations are recognised over time as the performance obligations specified in the underlying agreement are met (Accounting Standard - AASB 15). Where performance obligations are not sufficiently specific, operating grant revenue is recognised on the earlier of receipt or when an unconditional right to receipt has been established (Accounting Standard - AASB 1058)

3.5 Contributions

Monetary	33,761	18,170
Non-monetary	98,699	89,952
Total contributions	132,460	108,122

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

Land	27,441	20,275
Other infrastructure	71,259	69,677
Total non-monetary contributions	98,699	89,952

Monetary contributions are identified by triggers in the DCP or Sec 173 agreements. The revenue generated is transferred to a reserve account for each agreement which allocates the future obligation on the City to provide infrastructure.

Non -monetary contributions are recognised as revenue when the developer provides practical completion confirmation for the infrastructure item. The details of the value of the contribution / asset to be recognised will be based on the costs provided by the developer.

3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	8,463	9,933
Written down value of assets disposed	(9,458)	(15,851)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(995)	(5,918)

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

	2021 \$'000	2020 \$'000
3.7 Other income		
Interest	567	1,484
Other	774	2,936
Total other income	1,341	4,420

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	151,191	139,242
WorkCover	2,385	2,349
Casual staff / supplementary labour	2,734	7,662
Superannuation	14,091	12,407
Fringe benefits tax	483	605
Other	944	1,007
Total employee costs	171,830	163,273

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	717	789
	717	789
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	7,709	7,198
Employer contributions - other funds	6,009	5,018
	13,718	12,216
Employer contributions payable at reporting date.	-	-

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

4.2 Materials and services

Materials	7,700	7,885
Contract Payments	46,516	47,166
Building maintenance	4,910	5,803
Plant/equipment/vehicle costs	7,898	8,513
Utilities	9,826	10,944
Office administration	5,518	6,635
Information technology	3,891	2,721
Insurance	2,610	2,611
Levies	5,671	5,733
Geelong Regional Library Corporation Funding Agreement Contribution	11,046	10,776
Consultants	6,678	6,906
Capital works reclassified as expense	5,772	5,546
Total materials and services	118,038	121,238

4.3 Depreciation

Property	12,909	11,937
Plant and equipment	6,889	6,616
Infrastructure	48,483	50,446
Total depreciation	68,281	68,999

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

4.4 Amortisation - Intangible assets

Other - Landfill Airspace	387	663
Total Amortisation - Intangible assets	387	663

4.5 Amortisation - Right of use assets

Property	3,014	2,933
Vehicles	41	24
Other	146	24
Total Amortisation - Right of use assets	3,201	2,981

	2021 \$'000	2020 \$'000
4.6 Bad and doubtful debts		
Parking fine debtors	536	1,383
Other debtors	1,205	4,945
Total bad and doubtful debts	1,741	6,327
Movement in provisions for doubtful debts		
Balance at the beginning of the year	17,094	10,769
New provisions recognised during the year	4,237	6,414
Amounts already provided for and written off as uncollectible	(2,716)	-
Amounts provided for but recovered during the year	(12)	(90)
Balance at end of year	18,603	17,094

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

4.7 Borrowing costs

Interest - Borrowings	2,993	2,246
Total borrowing costs	2,993	2,246

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	147	375
Total finance costs	147	375

4.9 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	103	96
Auditors' remuneration - Internal	235	173
Councillors' allowances	404	420
Contributions	4,063	7,272
Waste disposal and recycling	12,270	12,119
Marketing, promotion and advertising	2,162	1,849
Events and functions	596	886
Operating lease rentals	1,384	1,259
Security	858	717
Memberships and subscriptions	603	445
Licences, fees and permits	522	713
Grants	5,255	2,193
Other	2,348	1,553
Total other expenses	30,802	29,694

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	158	130
Cash at bank	66,755	21,953
Total cash and cash equivalents	66,913	22,083

(b) Other financial assets

Term deposits - current	77,092	81,287
Total other financial assets	77,092	81,287
Total financial assets	144,005	103,370

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

- Trust funds and deposits (Note 5.3(b))	12,800	12,827
- Grants received but not expended (Note 3.4(c))	15,305	9,119
Total restricted funds	12,800	21,946
Total unrestricted cash and cash equivalents	54,114	81,424

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	27,027	28,306
- include details of other allocated amounts	35,883	4,283
Total funds subject to intended allocations	62,910	32,589

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

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

	2021 \$'000	2020 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	2,054	1,496
Provision for doubtful debts - rates	(457)	(451)
Infringement debtors	11,923	11,229
Provision for doubtful debts - infringements	(10,888)	(10,352)
<i>Non statutory receivables</i>		
Other debtors including landfill, leasing and permits	20,878	16,271
Provision for doubtful debts - other debtors	(7,258)	(6,291)
Total current trade and other receivables	16,251	11,901
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	5,822	5,211
Long term rates	9,397	4,120
<i>Non statutory receivables</i>		
Loans and advances to community organisations	98	98
Total non-current trade and other receivables	15,317	9,429
Total trade and other receivables	31,568	21,330

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.

(d) Ageing of Receivables

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

Current (not yet due)	8,001	4,432
Past due by up to 30 days	-	-
Past due between 31 and 180 days	3,038	1,364
Past due between 181 and 365 days	405	143
Past due by more than 1 year	285	150
Total trade and other receivables	11,729	6,089

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$7.3m (2020: \$6.3m) were impaired. The amount of the provision raised against these debtors was \$7.3m (2020: \$6.3m). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	3,505	2,514
Past due between 181 and 365 days	268	456
Past due by more than 1 year	3,486	3,321
Total trade & other receivables	7,258	6,291

City of Greater Geelong **Notes to the Financial Report**
2020-2021 Financial Report **For the Year Ended 30 June 2021**

5.2 Non-financial assets	2021	2020
(a) Inventories	\$'000	\$'000
Inventories held for distribution	813	782
Inventories held for sale	279	330
Total inventories	1,092	1,113

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

(b) Other assets

Prepayments	2,667	4,727
Accrued income	1,566	123
Total other assets	4,233	4,850

(c) Intangible assets

Landfill air space	2,450	2,837
Total intangible assets	2,450	2,837

Landfill
\$'000

Gross carrying amount

Balance at 1 July 2020	2,837
Amortisation	(387)
Balance at 1 July 2021	2,450

Net book value at 30 June 2020	2,837
Net book value at 30 June 2021	2,450

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

5.3 Payables	2021	2020
(a) Trade and other payables	\$'000	\$'000
Trade payables	15,389	18,747
Prepaid Income (includes rates and leisure services)	2,242	2,405
Accrued expenses	19,016	14,675
Total trade and other payables	36,647	35,827

(b) Trust funds and deposits

Refundable deposits	10,388	10,070
Fire services levy	2,411	2,757
Total trust funds and deposits	12,800	12,827

(c) Unearned income

Grants received in advance - operating	3,622	2,564
Grants received in advance - capital	6,766	3,344
Other	5,190	3,211
Total unearned income	15,578	9,119

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

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of security in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received twenty-eight days after the rate instalment due date. Amounts disclosed here will be remitted to the state government in line with that process.

City of Greater Geelong Notes to the Financial Report
2020-2021 Financial Report For the Year Ended 30 June 2021

5.4 Interest-bearing liabilities	2021	2020
	\$'000	\$'000
Current		
Borrowings - secured	12,006	11,291
	12,006	11,291
Non-current		
Borrowings - secured	105,062	71,317
	105,062	71,317
Total	117,068	82,608

Borrowings are secured against the Council Rate Base

The maturity profile for Council's borrowings is:

Not later than one year	12,006	11,291
Later than one year and not later than five years	45,734	49,445
Later than five years	59,328	21,872
	117,068	82,608

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

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

5.5 Provisions

	Employee	Landfill restoration	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2021				
Balance at beginning of the financial year	34,610	16,683	3,901	55,194
Additional provisions	21,550	-	3,865	25,415
Amounts used	(19,745)	-	(3,143)	(22,889)
Balance at the end of the financial year	36,415	16,683	4,623	57,720
2020				
Balance at beginning of the financial year	32,634	16,693	-	49,328
Additional provisions	20,850	-	3,901	24,751
Amounts used	(18,874)	(10)	-	(18,884)
Balance at the end of the financial year	34,610	16,683	3,901	55,194

City of Greater Geelong **Notes to the Financial Report**
2020-2021 Financial Report **For the Year Ended 30 June 2021**

	2021 \$'000	2020 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	11,905	10,733
Long service leave	1,731	2,537
Other	158	178
	13,793	13,448
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,166	968
Long service leave	18,527	17,292
	19,692	18,260
Total current employee provisions	33,486	31,707
Non-current		
Long service leave	2,929	2,903
Total non-current employee provisions	2,929	2,903
Aggregate carrying amount of employee provisions:		
Current	33,486	31,707
Non-current	2,929	2,903
Total aggregate carrying amount of employee provisions	36,415	34,610

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

Wages and 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 the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

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

Key assumptions:	2021	2020
- discount rate	(0.015)% - 1.215%	0.24% - 0.71%
- inflation rate	2.20%	2.50%

	2021 \$'000	2020 \$'000
(b) Landfill restoration		
Current	124	124
Non-current	16,559	16,559
	16,683	16,683

Council is obligated to restore its landfill sites to a standard as mandated by the Environment Protection Authority. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:	2021	2020
- discount rate	2.03%-2.25%	1.51% - 1.72%
- estimated cost to rehabilitate	18,865	18,865

(c) Other provisions

Developer Contributions Liabilities	68	26
Other Provisions	4,554	3,875
	4,623	3,901

Provisions Total

Current	38,164	35,706
NonCurrent	19,557	19,488
	57,721	55,194

5.6 Financing arrangements

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

Bank overdraft	5,000	5,000
Total facilities	5,000	5,000
Unused facilities	5,000	5,000

City of Greater Geelong **Notes to the Financial Report**
2020-2021 Financial Report **For the Year Ended 30 June 2021**

5.7 Commitments

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

2021	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
IT	14,574	474	206	-	15,254
Recycling	2,873	190	-	-	3,063
Facilities maintenance	874	337	49	-	1,260
Open space and parks management	2,509	1,718	930	-	5,157
Consultancies	601	15	-	-	615
Cleaning contracts for council buildings	1,526	-	-	-	1,526
Roads	1,412	103	-	-	1,514
Other	2,433	584	706	-	3,724
Total	26,801	3,420	1,892	-	32,113
Capital					
Buildings	80,736	-	-	-	80,736
Other	8,517	-	-	-	8,517
Total	89,253	-	-	-	89,253
2020	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
IT	353	91	-	-	444
Recycling	2,873	2,873	5,027	-	10,773
Facilities maintenance	1,413	883	1,307	32	3,635
Open space and parks management	1,352	993	1,060	-	3,406
Consultancies	1,031	884	920	-	2,835
Cleaning contracts for council buildings	2,052	2,052	1,526	-	5,631
Roads	2,151	1,931	2,992	-	7,073
Other	2,262	1,903	2,660	1,859	8,683
Total	13,487	11,610	15,492	1,890	42,480
Capital					
Buildings	35,791	71,597	-	-	107,388
Other	12,348	218	-	-	12,567
Total	48,139	71,815	-	-	119,954

5.8 Leases

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

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

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

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

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

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

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

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

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

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

City of Greater Geelong Notes to the Financial Report
2020-2021 Financial Report For the Year Ended 30 June 2021

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.

Council has a number of peppercorn leases in its portfolio and given the nature and use of these assets it is difficult to estimate the fair value of these right of use. Council has chosen to take up the option of measuring the peppercorn leases as cost (actual payments) rather than at fair value.

Right-of-Use Assets

	Property \$'000	Vehicles \$'000	Other \$'000	Total \$'000
Balance at 1 July 2019	-	-	-	-
Additions	7,800	69	740	8,609
Amortisation charge	(2,933)	(24)	(24)	(2,981)
Balance at 30 June 2020	4,867	45	716	5,628

Balance at 1 July 2020	4,867	45	716	5,628
Additions	738	66	-	803
Amortisation charge	(3,014)	(41)	(146)	(3,201)
Balance at 30 June 2021	2,590	70	570	3,230

Lease Liabilities

	2021 \$'000	2020 \$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,756	2,671
One to five years	555	2,655
More than five years	-	-
Total undiscounted lease liabilities as at 30 June:	3,310	5,326

Lease liabilities included in the Balance Sheet at 30 June:

Current	2,835	2,812
Non-current	558	2,957
Total lease liabilities	3,392	5,769

Short-term and low value leases

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

	2021 \$'000	2020 \$'000
Expenses relating to:		
Short-term leases	1,383	1,258
Leases of low value assets	1	2
Total	1,384	1,259
Variable lease payments (not included in measurement of lease liabilities)	-	-

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

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

Payable:

Within one year	1	1
Later than one year but not later than five years	2	6
Total lease commitments	2	7

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2020 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	At Fair Value 30 June 2021 \$'000
Land	754,047	5,248	29,405	90,561	-	(3,123)	-	5,667	881,805
Buildings	472,187	8,775	142	(4,347)	(12,917)	(2,294)	-	11,962	473,508
Plant and equipment	32,191	5,383	20	-	(6,889)	(716)	-	173	30,163
Infrastructure	1,495,420	48,383	69,133	122,504	(48,452)	(3,998)	-	15,009	1,697,998
Work in progress	60,182	53,389	-	-	-	-	(5,452)	(32,811)	75,307
	2,814,027	121,179	98,699	208,718	(68,257)	(10,131)	(5,452)	-	3,158,782

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Buildings	25,952	31,638	(229)	(17,629)	39,731
Plant and equipment	2,388	4,412	(139)	(173)	6,488
Infrastructure	31,843	17,339	(5,085)	(15,009)	29,088
Total	60,182	53,389	(5,452)	(32,811)	75,307

City of Greater Geelong
2020-2021 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2021

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Land under roads \$'000	Total Land & Land Improvements \$'000	Heritage buildings \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Leasehold improvements \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2020	684,758	40,544	28,747	754,049	113,710	523,561	8,484	3,738	649,494	25,952	1,429,494
Accumulated depreciation at 1 July 2020	-	-	-	-	(47,028)	(125,877)	(2,369)	(2,033)	(177,307)	-	(177,307)
	684,758	40,544	28,747	754,049	66,682	397,685	6,115	1,705	472,187	25,952	1,252,187
Movements in fair value											
Additions	4,397	100	752	5,248	138	8,651	(79)	65	8,775	31,638	45,661
Contributions	24,528	-	4,877	29,405	-	142	-	-	142	-	29,547
Revaluation	82,239	4,869	3,452	90,561	-	(4,347)	-	-	(4,347)	-	86,214
Disposal	(154)	(2,969)	-	(3,123)	-	(3,619)	-	-	(3,619)	-	(6,742)
Write-off	-	-	-	-	-	-	-	-	-	(229)	(229)
Transfers	5,667	-	-	5,667	49	11,767	107	39	11,962	(17,629)	-
	116,678	2,000	9,081	127,759	187	12,593	29	104	12,913	13,780	154,451
Movements in accumulated depreciation											
Depreciation and amortisation	-	-	-	-	(2,638)	(9,757)	(206)	(316)	(12,917)	-	(12,917)
Accumulated depreciation of disposals	-	-	-	-	-	1,325	-	-	1,325	-	1,325
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	(2,638)	(8,432)	(206)	(316)	(11,592)	-	(11,592)
At fair value 30 June 2021	801,435	42,544	37,828	881,807	113,897	536,154	8,513	3,842	662,406	39,731	1,583,945
Accumulated depreciation at 30 June 2021	-	-	-	-	(49,666)	(134,309)	(2,575)	(2,348)	(188,898)	-	(188,898)
	801,435	42,544	37,828	881,807	64,231	401,845	5,938	1,493	473,508	39,731	1,395,047

City of Greater Geelong
2020-2021 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2021

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	38,161	16,587	35,060	2,388	92,195
Accumulated depreciation at 1 July 2020	(15,141)	(12,410)	(30,063)	-	(57,614)
	23,019	4,177	4,997	2,388	34,581
Movements in fair value					
Additions	3,100	399	1,884	4,412	9,795
Contributions	-	-	20	-	20
Disposal	(2,780)	-	(28)	-	(2,808)
Write-off	-	-	-	(139)	(139)
Transfers	-	160	13	(173)	-
	320	560	1,888	4,100	6,868
Movements in accumulated depreciation					
Depreciation and amortisation	(3,807)	(675)	(2,406)	-	(6,889)
Accumulated depreciation of disposals	2,074	-	18	-	2,092
Transfers	-	-	-	-	-
	(1,733)	(675)	(2,388)	-	(4,796)
At fair value 30 June 2021	38,481	17,146	36,948	6,488	99,063
Accumulated depreciation at 30 June 2021	(16,875)	(13,085)	(32,451)	-	(62,411)
	21,606	4,061	4,497	6,488	36,652

City of Greater Geelong
2020-2021 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2021

(c) Infrastructure

	Road Seal and Road Pavement	Footpaths and cycleways	Drainage	Recreational, leisure and community	Kerb and channel	Roads other	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	855,815	291,358	663,630	173,701	243,648	209,307	105,036	31,843	2,574,339
Accumulated depreciation at 1 July 2020	(360,446)	(147,911)	(180,374)	(69,448)	(142,375)	(82,062)	(64,463)	-	(1,047,078)
	495,369	143,447	483,257	104,254	101,273	127,245	40,573	31,843	1,527,261
Movements in fair value									
Additions	21,848	5,891	4,180	4,131	3,988	5,960	2,385	17,339	65,722
Contributions	23,274	9,225	25,135	2,435	5,402	2,280	1,381	-	69,133
Revaluation	52,432	-	81,456	-	-	-	-	-	133,888
Disposal	(3,509)	(1,917)	(1,650)	(660)	(565)	(1,188)	-	-	(9,490)
Write-off	-	-	-	-	-	-	-	(5,085)	(5,085)
Transfers	(64)	526	7,139	2,060	(224)	3,612	1,959	(15,009)	-
	93,981	13,726	116,259	7,966	8,601	10,664	5,726	(2,754)	254,168
Movements in accumulated depreciation									
Depreciation and amortisation	(15,705)	(6,059)	(6,772)	(7,104)	(3,461)	(4,522)	(4,828)	-	(48,452)
Accumulated depreciation of disposals	1,818	1,725	593	397	433	524	-	-	5,491
Unrecognised assets (valued at WDV)	-	-	-	-	-	-	-	-	-
Revaluation	(11,384)	-	-	-	-	-	-	-	(11,384)
	(25,270)	(4,334)	(6,180)	(6,707)	(3,028)	(3,998)	(4,828)	-	(54,345)
At fair value 30 June 2021	949,796	305,083	779,890	181,667	252,250	219,971	110,762	29,089	2,828,507
Accumulated depreciation at 30 June 2021	(385,716)	(152,244)	(186,553)	(76,155)	(145,403)	(86,060)	(69,290)	-	(1,101,422)
	564,079	152,839	593,336	105,512	106,847	133,911	41,472	29,089	1,727,085

Acquisition

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

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

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

Variance in building component rates is due to the type of building Major or Minor, the type of material used and also variance of sub component lives within the component group. Rates applied are based on the shortest and longest lives of subcomponents within each major component group. Major component groups are shown below.

	Depreciation Period	Threshold Limit
<i>Asset recognition thresholds and depreciation periods</i>		\$'000
Land & land improvements		
Land		1
Buildings		
Buildings (Component Level Recognition Adopted In 2019-2020)	20 - 150 years	10 (Total Cost of Structure)
Structure	50 - 155 years	
Sub Structure	50 - 150 years	
Fitout	20 - 70 years	
Roof	40 - 140 years	
Mechanical Services	20 - 60 years	
Hydraulic Services	50 - 100 years	
Electrical Services	25 - 50 years	
Floor Coverings	13 - 30 years	
Security Services	15 - 20 years	
Transport Services (Lifts Escalators)	60 - 100 years	
Building Improvements	50 years	
Leasehold Improvements	10 years	1
Plant and Equipment		
Heavy Plant And Equipment, Commercial Vehicles	10 years	1
Personal Computers	3 years	1
Computer Equipment	4-5 years	1
Software	4-5 years	1
Light Motor Vehicles	5-7 years	1
Fixtures And Fittings	10 years	1
Infrastructure		
Road Spray Seal	12 years	1
Road Asphalt Seal	25 years	1
Road Pavement	80 years	1
Drainage	40 - 100 years	1
Kerbs And Channel	60 years	1
Footpaths And Bikepaths	50 years	1
Recreation	7-80 years	1
Airspace	As per landfill cell	1
ROU	As per lease term	1

Land under roads

Council recognises land under roads acquired after 30 June 2008 at fair value.

Depreciation and amortisation

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

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

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

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

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 10 year period.

Valuation of land and buildings

Valuation of land and buildings were undertaken by Stephen Davey of Opteon AAPI CPV Member no 63379. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

During 2019-20, council engaged the services of APV Valuers & Asset Management to review Council revaluation process and to assist council with implementing componentisation of Council building assets. This commenced with the current revaluation of our Land and Building assets. This process identified long life and short life assets in this asset class and resulted in a change in depreciation allocated to some buildings. This process will be implemented across a number of council's asset classes.

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

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

The date of the current valuation is detailed in the following table. A full revaluation will be conducted in 2021-22

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

	Level 1	Level2	Level 3	Date of Valuation
Non-specialised land	-	42,544	-	Jan-20
Specialised land	-	-	801,435	Jan-20
Land under roads	-	-	37,828	Jan-20
Heritage Buildings	-	-	64,231	Jan-20
Specialised buildings	-	-	401,845	Jan-20
Non-specialised buildings	-	5,938	-	Jan-20
Leasehold improvements	-	-	1,493	Various
Total	-	48,482	1,306,833	

Valuation of infrastructure

Valuation of infrastructure assets has been undertaken by the City's asset management engineers who are degree qualified and whose knowledge and experience can be relied upon..

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

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

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

	Level 1	Level2	Level 3	Date of Valuation
Road Pavement	-	-	405,751	Apr-21
Road Seal	-	-	158,328	Apr-21
Road Other	-	-	133,911	Apr-19
Kerb and Channel	-	-	106,847	Apr-19
Footpaths and cycleways	-	-	152,839	Apr-19
Drainage	-	-	593,336	Apr-18
Total	-	-	1,551,012	

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 of 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$5,555.83 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$327 to \$35,084 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 12 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2021	2020
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	37,828	28,747
Parks and reserves	801,434	684,758
Total specialised land	839,262	713,505

	2021 \$'000	2020 \$'000
6.2 Investments in associates		
Investments in associates		
Investments in associates accounted for by the equity method are:		
Geelong Regional Library Corporation	9,327	9,401
Geelong Regional Library Corporation		
<i>Background</i>		
Principal activity is to provide Library Services to member municipalities. Council holds 89.52% (2019-20 88.22%) of equity in the corporation. Council has four board members on the Board of eight. Council has the ability to influence rather than control its operations. Incorporated in Australia.		
Fair value of Council's investment in Geelong Regional Library Corporation	9,327	9,401
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	6,066	6,791
Reported surplus/(deficit) for year	(74)	(725)
Council's share of accumulated surplus/(deficit) at end of year	5,991	6,066
Movement in carrying value of specific investment		
Carrying value of investment at start of year	9,401	10,126
Share of surplus/(deficit) for year	(74)	(725)
Carrying value of investment at end of year	9,327	9,401

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

City of Greater Geelong **Notes to the Financial Report**
2020-2021 Financial Report **For the Year Ended 30 June 2021**

	2021 No.	2020 No.
Note 7 People and relationships		
7.1 Council and key management remuneration		
(a) Related Parties		
Parent entity		
City of Greater Geelong		
(b) Key Management Personnel		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
Councillors		
Cr Stephanie Asher (Mayor 15 October 2019 - 30 June 2021, Re-elected 13 November 2020)		
Cr Trent Sullivan (Deputy Mayor 12 November 2020 - 30 June 2021)		
Cr Anthony Aitken		
Cr Bruce Harwood		
Cr Kylie Grzybek		
Cr Eddy Kontelj		
Cr Sarah Mansfield		
Cr Jim Mason		
Cr Belinda Moloney (elected 13 November 2020)		
Cr Peter Murrehy		
Cr Ron Nelson		
Cr Pat Murnane (1 July 2020 - 13 November 2020)		
Total Number of Councillors	12	11
Chief Executive Officer and other Key Management Personnel		
Chief Executive Officer		
Director Economy, Investment & Attraction (position removed 27 March 2021)		
Director Governance, Strategy & Performance (position made redundant 29 March 2021)		
Director City Services		
Director Planning, Design & Development		
Director Customer & Corporate Services		
Director Community Life		
Director People & Culture		
Total of Chief Executive Officer and other Key Management Personnel	8	8
Total Number of Key Management Personnel	20	19
(c) Remuneration of Key Management Personnel		
	2021	2020
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	2,445	2,699
Long-term benefits	50	57
Post employment benefits	184	198
Termination benefits	333	-
Total	3,012	2,954
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	2021	2020
	No.	No.
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	9	9
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	1
\$90,000 - \$99,999	-	1
\$100,000 - \$109,999	1	-
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	-	4
\$290,000 - \$299,999	4	2
\$300,000 - \$309,999	1	-
\$430,000 - \$439,999	1	1
\$550,000 - \$559,999	1	-
	20	19

(d) Senior Officer Remuneration

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

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

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

	2021 No.	2020 No.
Income Range:		
\$151,000 - \$159,999	8	4
\$160,000 - \$169,999	6	7
\$170,000 - \$179,999	6	7
\$180,000 - \$189,999	7	7
\$190,000 - \$199,999	5	5
\$200,000 - \$209,999	7	5
\$210,000 - \$219,999	3	1
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	2	-
\$240,000 - \$249,999	1	-
\$250,000 - \$259,999	1	-
\$330,000 - \$339,999	1	-
	48	37
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	9,134	6,735

7.2 Related party disclosure**(a) Transactions with related parties**

Contributions are paid by the City of Greater Geelong to the Geelong Regional Library Corporation. Please refer to details in Note 6.2
 Payments of \$9.5k were made to Volunteering Geelong Inc during 2020-21, for which a Councillor is the Board President
 Payments of \$115k were made to Asphalt Paving Services of which a Key Management Personnel's partner is the Business Manager.

(b) Outstanding balances with related parties

There are shared services paid by the City of Greater Geelong on behalf of the library and vice versa, which are subsequently reimbursed. The outstanding balance as at 30th June 2021 is \$213k owing to the Geelong Regional Library Corporation.

(c) Loans to/from related parties

There are no loans in existence with related parties

(d) Commitments to/from related parties

There are no loans in existence with related parties

Note 8 Managing uncertainties**8.1 Contingent assets and liabilities****(a) Contingent assets**

In the course of creating new subdivisions, developers construct infrastructure assets which are vested with council when council issues a Statement of Compliance. These assets are brought to account as revenue (Contributions - Non Monetary Assets) and capitalised

At reporting date, developers had commenced construction of assets that will eventually be transferred to Council issuing a Statement of Compliance.

Council cannot reliably measure the value of assets involved prior to completion.

Operating lease receivables

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 80 years. All leases include a CPI based revision of the rental charge annually.

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

	2021 \$'000	2020 \$'000
Not later than one year	1,678	1,634
Later than one year and not later than five years	4,066	3,847
Later than five years	2,192	2,978
	7,936	8,459

(b) Contingent liabilities

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

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.

Building cladding

The Council MBS has previously met with the owners of a building within the municipal boundaries and issued a Building Order to require cladding to be removed from the exterior of the building. As an interim measure the owner was approved for the immediate removal of the cladding around the ground level and front entry. This was undertaken prior to December 2020.

Both parties have subsequently met and agreed on the scope and timing for the completion of the removal of the remaining combustible cladding from the exterior of the building. This work was undertaken through a building permit process over the period March 2021 to June 2021 with a final clearance certificate provided to council on the 14 July 2021.

The matter has now been finalised and all combustible cladding has been permanently removed from the exterior of the building.

8.2 Change in accounting standards

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

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

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

City of Greater Geelong **Notes to the Financial Report**
2020-2021 Financial Report **For the Year Ended 30 June 2021**

(c) Credit risk

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

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 0.1% and -0.1% in market interest rates (AUD) from year-end rates of 0.1%.

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

8.4 Fair value measurement*Fair value hierarchy*

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

Impairment of assets

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

8.5 Events occurring after balance date

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

Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2021			
Property			
Land & Buildings	769,162	86,214	855,376
	769,162	86,214	855,376
Infrastructure			
Roads	209,519	41,048	250,567
Footpaths and cycleways	33,353	-	33,353
Drainage	175,546	81,456	257,002
	418,418	122,504	540,922
Total asset revaluation reserves	1,187,580	208,718	1,396,298
2020			
Property			
Land & Buildings	603,134	166,028	769,162
	603,134	166,028	769,162
Infrastructure			
Roads	209,519	-	209,519
Footpaths and cycleways	33,353	-	33,353
Drainage	175,546	-	175,546
	418,418	-	418,418
Total asset revaluation reserves	1,021,552	166,028	1,187,580

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

City of Greater Geelong
2020-2021 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2021

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Annual Reallocations \$'000	Balance at end of reporting period \$'000
(b) Other reserves					
2021					
Car Parking Reserve	200	-	-	-	200
Public Open Space Reserve	2,123	5,620	268	-	7,475
Main Drainage Reserve	-	19	19	-	-
Deferred Works Reserve	28,306	27,027	28,306	-	27,027
Asset Development Reserve	(117)	-	123	-	(240)
Asset Redevelopment Reserve	245	-	36	-	209
DCP Reserve - Jetty Road Stage 1	(690)	486	1,775	1,002	(976)
DCP Reserve - Armstrong Creek East Precinct	(75)	6,259	-	(357)	5,827
DCP Reserve - Armstrong Creek West Precinct	6,582	7,717	408	497	14,388
DCP Reserve - Armstrong Creek HBP	(12,199)	7,659	677	2,434	(2,783)
DCP Reserve - Armstrong Creek Town Centre	(2,208)	-	29	(2,337)	(4,575)
DCP Reserve - Armstrong Creek South Precinct	(709)	790	-	150	231
DCP Reserve - Ocean Grove Growth Area	1,451	1,211	-	-	2,662
DCP Reserve - Lara West	2,819	1,351	76	-	4,094
Armstrong Creek Public Open Space	2,643	1,614	-	-	4,257
S173 - Lonsdale Golf Club	57	10	-	-	67
Water Quality Levy	2,697	-	96	-	2,601
Jetty Road Public Open Space	607	-	-	-	607
S173 - St Leonard's Growth Area 1	1,177	-	-	-	1,177
S173 - St Leonard's Growth Area 2	(1,044)	730	-	(1)	(315)
S173 - Wandana Heights Estate	405	157	-	-	562
S173 - Clifton Springs DP023	37	-	-	-	37
S173 - Fyansford DP016	84	102	-	-	186
S173 - Drysdale Walk DP024	197	(5)	-	-	192
Total Other reserves	32,588	60,747	31,813	1,388	62,910
2020					
Car Parking Reserve	200	-	-	-	200
Public Open Space Reserve	966	3,001	1,844	-	2,123
Main Drainage Reserve	-	143	143	-	-
Deferred Works Reserve	23,571	28,306	23,571	-	28,306
Asset Development Reserve	(72)	-	45	-	(117)
Asset Redevelopment Reserve	281	-	36	-	245
DCP Reserve - Jetty Road Stage 1	1,026	1,601	3,317	-	(690)
DCP Reserve - Armstrong Creek East Precinct	(3,490)	3,440	25	-	(75)
DCP Reserve - Armstrong Creek West Precinct	1,819	4,799	36	-	6,582
DCP Reserve - Armstrong Creek HBP	(9,530)	435	3,104	-	(12,199)
DCP Reserve - Armstrong Creek Town Centre	(2,208)	-	-	-	(2,208)
DCP Reserve - Armstrong Creek South Precinct	(11)	-	698	-	(709)
DCP Reserve - Ocean Grove Growth Area	1,395	56	-	-	1,451
DCP Reserve - Lara West	(110)	2,980	51	-	2,819
Armstrong Creek Public Open Space	1,443	1,200	-	-	2,643
S173 - Lonsdale Golf Club	57	-	-	-	57
Water Quality Levy	2,036	663	2	-	2,697
Jetty Road Public Open Space	322	285	-	-	607
S173 - St Leonard's Growth Area 1	1,177	-	-	-	1,177
S173 - St Leonard's Growth Area 2	-	(1,044)	-	-	(1,044)
S173 - Wandana Heights Estate	74	331	-	-	405
S173 - Clifton Springs DP023	37	-	-	-	37
S173 - Fyansford DP016	-	84	-	-	84
S173 - Drysdale Walk DP024	-	197	-	-	197
Total Other reserves	18,983	46,477	32,872	-	32,589

Council maintains three statutory reserves (Car Parking, Public Open Space and Main Drainage) to record funds collected from developers under the Planning and Environment Act and Local Government Act. Council identifies, as part of the budget process, capital works relevant to these reserves and records the capital expenditure as settlement of the obligations created in collecting the levies.

Council maintains a Deferred Works Reserve to record the estimated amount of Capital Expenditure that is expected to complete the capital projects that were approved in the previous year's budget, but had not been completed at year end.

Council maintains an Asset Development Reserve to record funds provided to Council for development of coastal infrastructure.

Council has an Asset Redevelopment Reserve to record funds provided to Council for the Saleyards redevelopment.

Council maintains individual reserves to record funds for each of the Approved Developer Contribution Plans (DCP).

City of Greater Geelong
2020-2021 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	141,556	84,945
Depreciation/amortisation	71,869	72,643
Profit/(loss) on disposal of property, infrastructure, plant and equipment	995	5,918
Capital works reclassified as expense	5,772	5,546
Other Non Cash Items	583	(746)
Contributions - Non-monetary assets	(98,699)	(89,952)
Share of net loss of associates	74	725
Finance Costs	2,937	2,223
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(10,239)	(1,573)
(Increase)/decrease in prepayments	617	(1,809)
Increase/(decrease) in unearned income	6,459	9,119
Increase/(decrease) in trade and other payables	820	1,120
(Decrease)/increase in other liabilities	(27)	5,285
(Increase)/decrease in inventories	21	14
Increase/(decrease) in provisions	2,526	5,732
Net cash provided by/(used in) operating activities	125,263	99,190

9.3 Superannuation

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

Accumulation

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

Defined Benefit

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

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

Funding arrangements

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

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

Net investment returns 5.6% pa

Salary information 2.5% pa for two years and 2.75% pa thereafter

Price inflation (CPI) 2.0% pa.

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

Vision Super has advised that the actual VBI at June 2021 was 109.7%.

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

Employer contributions

Regular contributions

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

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

City of Greater Geelong
2020-2021 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2021

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 2020 triennial actuarial investigation surplus amounts

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

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

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

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

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

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

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

The 2021 interim actuarial investigation

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

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2021 \$'000	2020 \$'000
Vision super	Defined benefit	9.50%	717	789
Vision super	Accumulation fund	9.50%	7,709	7,198

10 Change in accounting policy***AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)***

Council has adopted *AASB 1059 Service Concession Arrangements: Grantors*, from 1 July 2020. The change in the accounting policies has had no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

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

Council has adopted *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material*, from 1 July 2020. The Council has used the new guidance on materiality when preparing the information in the financial statements.

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

Council has adopted *AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework* from 1 July 2020.

It is not expected that these standards will have any significant impact on council.

PERFORMANCE STATEMENT

Description of municipality

For the year ended 30 June 2021

The City of Greater Geelong municipality is located 75 kilometres south west of Melbourne and is Victoria's largest regional municipality, covering an area of 1,252 square kilometres. The municipality has a population of nearly 265,000 people, which is expected to increase to more than 393,000 by 2041 – growth of over 48 per cent.

Comprising suburban, coastal and country areas, Greater Geelong is bounded by the Moorabool Shire in the north, Wyndham City Council and the Borough of Queenscliff in the east, Surf Coast Shire and Golden Plains Shire in the west, and Bass Strait to the south. Key natural features of the region include Corio Bay, the Bellarine Peninsula, the Barwon River, the You Yangs Regional Park, wetlands, beautiful parklands and wildlife sanctuaries.

Greater Geelong's economy has performed exceptionally well in recent years, recording the highest growth in Australia compared to similar large cities and regions. Greater Geelong has an estimated Gross Regional Product of \$14.9 billion, 118,765 local jobs and 19,577 businesses.¹

In the 2020–21 financial year, the COVID-19 pandemic and associated restrictions negatively impacted economic activity. It was estimated approximately 5,600 local jobs were lost after the first lockdown in 2020, with another 5,200 positions maintained by the JobKeeper program. However, the local economy showed signs of rapid recovery, even during ongoing uncertainty, largely due to its diverse industry-mix and high share of healthcare, construction and manufacturing jobs.

Other Information

For the year ended 30 June 2021

COVID-19 impact on Council in 2020–21

To address the social and economic impacts of COVID-19 restrictions, Council approved support and recovery packages of over \$16.9 million during the 2019–20 and 2020–21 financial years. This response was well-regarded by the community, rating higher than the Victorian average, according to the annual Local Government Community Satisfaction Survey.

Support was provided in the following areas: business support; support for arts, culture and heritage; financial relief; and health and wellbeing support. Council also committed to a \$160 million capital works program – the biggest capital works commitment in the Council's history – in a bid to stimulate the local economy.

Despite the challenges presented by lockdowns, most of our services – including waste and recycling, road maintenance and community services – continued, although some services had to be modified to comply with restrictions.

Where COVID-19 impacts have been noted as affecting the indicators in this report, explanatory notes have been provided.

¹ Source: .id, National Institute of Economic and Industry Research 2021 and Australian Bureau of Statistics

Basis for 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 (Vic) 1989* and Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the *Local Government Act (Vic) 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 our information systems, or from third parties, such as the Australian Bureau of Statistics.

The performance statement presents the actual results for the current year, and for the prescribed financial performance indicators and measures, as forecast by the strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 require explanation of any material variations in the results contained in the performance statement.

The forecast figures included in the performance statement are those that were adopted in the strategic resource plan on 30 June 2020, and which forms part of the council plan. The strategic resource plan includes estimates, based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting the City of Greater Geelong.

SUSTAINABLE CAPACITY INDICATORS

For the year ended 30 June 2021

INDICATOR/MEASURE		RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	MATERIAL VARIATIONS AND COMMENTS
Population						
C1	<i>Expenses per head of population</i> [Total expenses / Population]	\$1,455.15	\$1,439.94	\$1,554.22	\$1,504.49	The 2020–21 results were less than the 2019–20 financial year as the prior year was impacted by several one-off expenses, including increased waste charges, higher asset write-offs and doubtful debts.
C2	<i>Infrastructure per head of population</i> [Value of infrastructure / Population]	\$6,695.35	\$7,080.74	\$7,955.62	\$8,596.71	The value of infrastructure assets has increased largely due to higher gifted asset values and the impacts of increased asset revaluations.
C3	<i>Population density per length of road</i> [Population / Kilometres of local roads]	110.26	111.85	112.28	112.57	We add to our local road network every year to meet the needs of our increasing population.
Own-source revenue						
C4	<i>Own-source revenue per head of population</i> [Own source revenue / Population]	\$1,221.66	\$1,258.73	\$1,202.83	\$1,197.71	The 2020–21 result is less than previous years due to changes associated with the COVID-19 pandemic, such as restrictions on leisure and recreation facilities and free parking initiatives designed to support Central Geelong businesses.
Recurrent grants						
C5	<i>Recurrent grants per head of population</i> [Recurrent grants / Population]	\$232.62	\$236.45	\$229.83	\$239.27	The increase in 2020–21 reflects the additional government funding we received for family services, as part of their response to the COVID-19 pandemic.
Disadvantage						
C6	<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	6	6	6	6	Greater Geelong's Relative Socio-Economic Disadvantage Index from the 2016 Census was in the sixth decile within Victoria. The first decile indicates the most disadvantaged and the tenth decile indicates the least disadvantaged. We acknowledge there are areas experiencing significant disadvantage and others with low disadvantage within the municipality. New results will be available after the 2021 Census.
Workforce turnover						
C7	<i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	10.9%	8.8%	8.9%	11.1%	Our turnover rate is usually very steady, with the exception of 2017–18, when there were more resignations than usual. In 2020–21, there was an increase in retirements, employees changing career direction and resignations.

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 the 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 website

'Unrestricted cash' means all cash and cash equivalents other than restricted cash

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2021

SERVICE/INDICATOR/MEASURE		RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	MATERIAL VARIATIONS AND COMMENTS
Aquatic Facilities						
AF6	Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Population]	8.36	8.82	6.53	3.32	Centre closures and density limits caused by COVID-19 restrictions significantly impacted aquatic facility use in 2019–20, and even more so in 2020–21.
Animal Management						
AM7	Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions] x100	New in 2020	New in 2020	100%	100%	COVID-19 restrictions led many animal management prosecutions to be postponed in 2020–21. However, we again successfully prosecuted all cases that ended up before the court.
Food Safety						
FS4	Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	99.46%	99.32%	98.19%	95.45%	We generally perform very well in this indicator, with only slight variations each year. In 2020, only three notifications did not receive follow-up. This was due to seasonality and the impacts of COVID-19 restrictions on re-inspections.
Governance						
G5	Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	53	55	56	59	Community satisfaction with Council decisions increased by three index points, continuing the upward trend of the past four years. We've continued to improve the quality of the information and analysis we provide to best support councillor decision-making.

SERVICE/INDICATOR/MEASURE		RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	MATERIAL VARIATIONS AND COMMENTS
Libraries						
LB4	Participation <i>Active library members</i> [The sum of the number of active library borrowers in the last 3 financial years / The sum of the population in the last 3 financial years] x100	18.17%	18.20%	17.57%	15.70%	Geelong Regional Library Corporation branches were closed for more than 13 weeks and had strict patron limits when open. This impacted borrowings. Online ordering services were offered during lockdowns to increase loans of physical items. Note: The definition of this indicator changed in 2019–20 and now averages the past three years data, so past results are not comparable.
Maternal and Child Health (MCH)						
MC4	Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	73.78%	73.17%	73.14%	72.56%	We've observed consistent participation rates in recent years, despite COVID-19 restrictions and an increasing birth rate in the municipality.
MC5	Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	64.86%	63.39%	76.37%	77.47%	Through our partnership with Wathaurong Aboriginal Co-operative, we continued providing place-based Maternal and Child Health services, changing from a two-day model, to a more flexible, responsive service.
Roads						
R5	Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	49	54	60	62	Community satisfaction has increased by two index points, continuing the upward trend over the past four years. As well as improving our maintenance response times, a budget increase supported more road renewal activities.

SERVICE/INDICATOR/MEASURE		RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	MATERIAL VARIATIONS AND COMMENTS
Statutory Planning						
SP4	Decision making <i>Council planning decisions upheld at VCAT</i> [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	68.00%	64.00%	54.17%	71.79%	In 2020–21, 28 out of 39 matters had our decision supported by VCAT, an increase from 2019–20 due to employee knowledge and experience. One appeal was postponed due to COVID-19 restrictions.
Waste Collection						
WC5	Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	54.75%	54.00%	55.73%	53.87%	Green waste and recycling as a ratio has been relatively consistent since 2018. While favourable weather conditions have increased green waste tonnages in recent years, this change has been tempered by residents living in new subdivisions, whose smaller lot sizes produce less green waste. Our growing population is increasing our green organics and waste tonnage. However, the recycling tonnage has decreased due to changes in product stream, with newspapers and glass content replaced by lighter PET plastic and aluminium containers.

As part of the ongoing review and improvement of reporting, Local Government Victoria retired the following indicator:

RETIRED SERVICE/INDICATOR/MEASURE		RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	MATERIAL VARIATIONS AND COMMENTS
Animal Management						
AM4	Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	21	19	Retired in 2020	Retired in 2020	As of 1 July 2019, this indicator was replaced by the amended <i>Animal management prosecution</i> measure AM7.

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 borrower' 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 section 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 the council is the responsible road authority under the *Road Management Act 2004*

'Major non-compliance outcome notification' means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, or 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

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2021

DIMENSION/ INDICATOR/MEASURE		RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	FORECASTS				MATERIAL VARIATIONS AND COMMENTS
						2022	2023	2024	2025	
Efficiency										
E2	Expenditure level Expenses per property assessment [Total expenses / Number of property assessments]	\$2,974.29	\$2,952.67	\$3,193.97	\$3,088.94	\$3,136.58	\$3,172.15	\$3,301.98	\$3,389.89	The 2020–21 results were less than the 2019–20 financial year as the prior year was impacted by several one-off expenses. A steady increase in expenses is forecast and will be partially offset by growth in property assessments.
E4	Revenue level Average rate per property [Total rate revenue / Number of property assessments]	New in 2020	New in 2020	\$1,602.56	\$1,639.93	\$1,655.15	\$1,702.76	\$1,752.76	\$1,804.23	The average rate per property is forecast to grow in-line with the forecast annual rate cap allowance.
Liquidity										
L1	Working capital Current assets compared to current liabilities [Current assets / Current liabilities] x100	145.35%	155.09%	112.69%	140.29%	123.27%	123.23%	102.85%	111.89%	Working capital ratio has increased as a result of high cash levels, but this is forecast to decrease from 2022 as cash balances are used to fund an increased capital program.
L2	Unrestricted cash Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	115.02%	118.83%	75.68%	97.96%	107.01%	107.32%	87.32%	96.57%	Restricted cash, in the form of unspent conditional grants, increased in 2020–21. However, this was offset by the high cash balance at the end of the year. Reduced cash balances and increasing current liabilities are forecast to impact this result in the future.

DIMENSION/ <i>INDICATOR</i> /MEASURE		RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	FORECASTS				MATERIAL VARIATIONS AND COMMENTS
						2022	2023	2024	2025	
Obligations										
O2	Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	22.73%	28.83%	34.31%	45.94%	69.54%	77.15%	80.18%	80.59%	Loan values increased in 2020–21 to pay for the Civic Precinct construction. Forecast years project further loan increases to fund other large capital projects as well, including the Northern Aquatic and Community Hub.
O3	Loans and borrowings <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	5.06%	4.70%	4.34%	5.29%	6.34%	8.27%	9.16%	9.46%	Forecast years project loan increases to fund large capital projects, including the Civic Precinct and the Northern Aquatic and Community Hub.
O4	Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	18.36%	23.93%	30.10%	39.46%	52.29%	56.92%	59.05%	58.80%	The indebtedness rate increased during 2020–21 due to the loans taken out to support the construction of the Civic Precinct. Forecast years project further loan increases to fund other large capital projects as well, including the Northern Aquatic and Community Hub.
O5	Asset renewal and upgrade <i>Asset renewal and upgrade expense compared to depreciation</i> [Asset renewal and asset upgrade expenditure / Asset depreciation] x100	New in 2020	New in 2020	67.30%	57.65%	71.32%	74.28%	78.24%	74.10%	Significant new infrastructure was delivered in 2020–21, which reduced our spend on renewal and upgrade. Forecast years project increased expenditure for asset renewals and upgrades.

DIMENSION/ INDICATOR/MEASURE		RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	FORECASTS				MATERIAL VARIATIONS AND COMMENTS
						2022	2023	2024	2025	
Operating Position										
OP1	Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (or deficit) / Adjusted underlying revenue] x100	1.99%	5.38%	-3.42%	5.61%	7.46%	10.99%	5.87%	7.39%	COVID-19 has negatively impacted our service revenue. In addition, our community support and recovery packages have resulted in short-term deficits in 2019–20. The results for 2020–21 were positive due to an increase in rates revenue and grant income. We are forecasting on-going surplus positions.
Stability										
S1	Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	58.93%	59.50%	61.87%	60.37%	59.38%	58.70%	62.00%	61.50%	The 2020–21 rate was impacted due to reduced revenue from fees and charges, as a result of service closures during COVID-19.
S2	Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.41%	0.36%	0.33%	0.33%	0.33%	0.34%	0.35%	0.36%	Rates revenue and Capital Improved Value increases are forecast to remain stable in coming years.

As part of the ongoing review and improvement of reporting, Local Government Victoria retired the following indicators:

RETIRED DIMENSION/ <i>INDICATOR</i> /MEASURE		RESULTS 2018	RESULTS 2019	RESULTS 2020	RESULTS 2021	MATERIAL VARIATIONS AND COMMENTS
Efficiency						
E1	<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,525.79	\$1,585.94	Retired in 2020	Retired in 2020	As of 1 July 2019, this measure was replaced by E4.
Obligations						
O1	<i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100]	47.55%	50.36%	Retired in 2020	Retired in 2020	As of 1 July 2019, this measure was replaced by O5.

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 strategic resource plan

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

'Population' means the resident population estimated by council

'Rate revenue' means revenue from general rates, municipal charges, service rates and service charges

'Recurrent grant' means a grant other than a non-recurrent grant

'Residential rates' means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

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

'Unrestricted cash' means all cash and cash equivalents other than restricted cash

CERTIFICATION OF THE PERFORMANCE STATEMENT

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

Karen Olesnicky CPA
Principal Accounting Officer
Dated: 14 September 2021

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

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

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 Greater Geelong City Council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.

Cr Trent Sullivan
Councillor
Dated: 14 September 2021

Cr Anthony Aitken
Councillor
Dated: 14 September 2021

Martin Cutter
Chief Executive Officer
Dated: 14 September 2021

CITY OF GREATER GEELONG

WADAWURRUNG COUNTRY P: 03 5272 5272
PO Box 104, Geelong VIC 3220 E: contactus@geelongcity.vic.gov.au
www.geelongaustralia.com.au



Deputy Mayor Trent Sullivan,
Mr Martin Cutter, Chief Executive Officer, and
Councillor Anthony Aitken,
The City of Greater Geelong

14 September 2021

Dear Deputy Mayor Sullivan, CEO and Cr Aitken,

Re: Representations by the Chief Executive Officer and Chief Financial Officer in relation to the financial report and performance statement of City of Greater Geelong for the year ended 30 June 2021

This representation letter is provided in connection with your audit of the financial report and performance statement of City of Greater Geelong for the year ended 30 June 2021. The audit is undertaken for the purpose of you being able to obtain sufficient and appropriate audit evidence on which to express an opinion as to whether the financial report presents fairly, in all material respects in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989* and whether the performance statement presents fairly in accordance with the requirements of the *Local Government Act 1989*.

We confirm that, to the best of our knowledge and belief, the representations we make below are based on information available to us, having made such enquiries as we considered necessary to appropriately inform ourselves on these matters.

Preparation of the financial report

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 6 May 2021, for the preparation of the financial report in accordance with Australian Accounting Standards and the requirements of *Local Government Act 1989* in particular the financial report presents fairly, in all material respects.

1. We have prepared the financial report as a not-for-profit entity for the purpose of reporting under Australian Accounting Standards.
2. All transactions have been recorded in the accounting records and are reflected in the financial report.¹
3. Proper accounts and records of the transactions and affairs of the council and such other records as sufficiently explain the financial operations and financial position of

¹ [ASA 580 Written Representations](#)

the council have been kept in accordance with the *Local Government Act 1989*, where applicable.

4. The effects of uncorrected misstatements are immaterial, both individual and in the aggregate, to the financial report as a whole. A list of all uncorrected misstatements is attached to this representation letter (refer Attachment A)².

Access to information

5. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters
 - b. any additional information that you have requested from us for the purpose of the audit
 - c. unrestricted access to persons within the council from whom you determined it necessary to obtain audit evidence³

Controlled entities

6. We have undertaken a control assessment using the criteria outlined in AASB 10 *Consolidated Financial Statements*. Our assessment has not identified any controlled or jointly controlled entities that require consolidation.

Joint arrangements

7. We have undertaken an assessment of our contractual arrangements to determine whether they are joint arrangements as per the requirements of AASB 11 *Joint Arrangements*.
8. The financial statements have accounted for the following joint arrangements:
 - Geelong Regional Library Corporation

We have assessed these arrangements to determine whether they are joint operations or joint ventures and accounted for the arrangements in line with the requirements of AASB 11 *Joint Arrangements*.

Fraud disclosure

9. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.⁴
10. We are not aware of any actual or suspected fraud affecting City of Greater Geelong that involves:
 - a. management
 - b. employees who have significant roles in internal control or
 - c. others where the fraud could have a material effect on the financial report.⁵
11. We are not aware of any allegations (to the extent we are legally able to disclose these to you in accordance with the requirements of the *Independent Broad-based Anti-Corruption Commission Act 2011*) of fraud, or suspected fraud, affecting City of

² [ASA 450 Evaluation of Misstatements Identified during the Audit](#)

³ [ASA 580 Written Representations/ASA 210 Agreeing the Terms of Audit Engagements](#)

⁴ [ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report](#)

⁵ [ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report](#)

Greater Geelong's financial report communicated by employees, former employees, analysts, regulators or others⁶.

Internal control

12. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud and/or error⁷. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control of which we are aware.

Legal

13. We have disclosed to you all known or suspected instances of non-compliance with laws or regulations whose effects should be considered for disclosure when preparing the financial report⁸.
14. There is no known actual or possible litigation and claims whose effects should be considered when preparing the financial report.
15. The council has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset, with the exception of assets under finance lease, been pledged as collateral.
16. The council has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of noncompliance.
17. City of Greater Geelong has been properly managed in accordance with the requirements of the *Local Government Act 1989*.
18. We have complied with, in all material respects, the requirements of *Local Government Act 1989* for the establishment and keeping of relevant accounts, registers and other appropriate records.

Accounting estimates

19. We believe that the significant assumptions, judgements, methods and data we have used in making accounting estimates for inclusion in the financial report are reasonable, appropriately supported and, where required, disclosed to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.⁹

Financial statement disclosures

20. The financial report discloses all significant accounting policies used in the preparation of the financial report. We considered the substance of the underlying transactions as well as their legal form in selecting the appropriate accounting policies and related disclosures for the financial report.
21. The following have been properly recorded and/or disclosed in the financial report:
 - a. arrangements involving restrictions on cash balances and line-of-credit or similar arrangements

⁶ [ASA 240.39\(d\)](#)

⁷ [ASA 240.39\(b\)](#)

⁸ [ASA 250 Consideration of Laws and Regulations in an Audit of a Financial Report](#)

⁹ [ASA 540 Auditing Accounting Estimates and related disclosures](#)

Income and Revenue

22. We have determined whether contracts and arrangements are within the scope of AASB 1004 *Contributions*, AASB 15 *Revenue* and AASB 1058 *Income of Not-for-Profit Entities*; applying the relevant measurement and recognition requirements for each transaction.

Asset and liability fair values (including property, plant and equipment)

23. We consider the measurement methods, including related assumptions, used to determine fair values relating to assets and liabilities to be appropriate based on the nature and purpose of the asset/liability. These have been consistently applied and appropriately disclosed in the financial report.
24. We have considered the requirements of AASB 13 *Fair Value Measurement* relating to the fair value of property, plant and equipment. These assets have been valued on the basis that the highest and best use of the asset is obtained from its current use, taking into consideration what is physically possible, legally permissible and financially feasible. Our fair value assessment did not identify any internal or external events that would trigger a reassessment of the assets' highest and best use. Further, we confirm that the assumptions used by us in the categorisation of observable and un-observable inputs within the fair value valuation hierarchy are reasonable and have been fully disclosed in accordance with the accounting standards and other applicable financial reporting requirements.
25. Management acknowledges the caveats/disclaimers on significant estimation uncertainty in the independent valuation reports provided for land and building assets. Management have determined that an appropriate to risk adjustment has been made to the carrying value of these assets for the significant uncertainty. The significant estimation uncertainty has been appropriately disclosed at 30 June 2021.
26. We have applied AASB 16 *Leases*. We have assessed whether our contracts are or contain a lease. For our leases we have recognised on the balance sheet a separate right of use asset (ROU) with an associated lease liability. We have applied the initial and subsequent measurement ROU asset and lease liability.
27. We have considered the requirements of AASB 136 *Impairment of Assets* when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
28. Asset useful lives have been reviewed and we are satisfied that they reflect the assets' expected period of use.
29. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
30. We have determined whether our contracts are within the scope of AASB 1059 *Service Concession Arrangements: Grantors*. We did not identify any service concession arrangements.

Related parties and key management personnel

31. We have determined who are the key management personnel of City of Greater Geelong in accordance with AASB 124 *Related Party Disclosures* and we are satisfied that our assessment is complete and appropriate.
32. We are satisfied that the compensation paid to key management personnel has been properly reported in note 7 to the financial statements in accordance with AASB 124 *Related Party Disclosures*, and includes all required components of compensation.

33. We have identified and appropriately disclosed all significant transactions with government-related entities in accordance with AASB 124 *Related Party Disclosures*.¹⁰
34. We have disclosed to you the identity of all non-government related parties (including any controlled entities), related party relationships and transactions of which we are aware. We have assessed these transactions to be material to the financial statements and therefore required to be disclosed in the financial report under AASB 124 *Related Party Disclosures*. Appropriate disclosure has been made.
35. We have appropriately accounted for and disclosed in the financial report all material related party relationships and transactions in accordance with AASB 124 *Related Party Disclosures*.¹¹

Responsible persons and senior officer disclosures

36. We have disclosed the number and names of any individual who held a responsible person position for City of Greater Geelong at any time during the year, including all remuneration received/receivable by those individuals as per the requirements of the *Local Government (Planning and Reporting) Regulations 2014*.
37. We have disclosed the remuneration of all executive officers as per the requirements of AASB 124 *Related Party Disclosures*. This includes all short-term, post-employment, other long-term benefits and any termination benefits

Future plans

38. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
39. We have no plans or intentions that may materially affect the carrying values or classification of any assets and liabilities.

Going concern

40. We have assessed the council's ability to continue as a going concern and believe there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due.

Subsequent events

41. No additional events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.¹²

Preparation of the performance statement

42. We have prepared and presented the performance statement in conformity with the requirements of *Local Government Performance Reporting Framework*. We consider the indicators to present fairly the performance of the council.
43. All relevant matters have been recorded in the council's records and are reflected in the performance statement¹³.
44. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and/or error. We have established and maintained an adequate internal control structure to facilitate the preparation of a

¹⁰ [ASA 550 Related Parties](#)

¹¹ [ASA 550 Related Parties](#)

¹² [ASA 560 Subsequent Events](#)

¹³ [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)

reliable performance statement. We have disclosed to you details of all deficiencies in internal control of which we are aware¹⁴.

Publication of the financial report

45. With respect to publication of the financial report and performance statement in hard copy, we will ensure that:
 - a. the financial report and performance statement accurately reflects the audited financial report and performance statement and
 - b. the independent auditor's report has been reproduced accurately and in full.
46. The electronic presentation of the financial report and performance statement is our responsibility. Our responsibility includes ensuring that the electronic version of the financial report, the performance statement and the independent auditor's report presented on the website are the same as the final signed version of the financial report, the performance statement and independent auditor's report.
47. The Annual report may include additional financial and/or non-financial information other than the financial report, the performance statement and the independent auditor's report (referred to as 'other information'). With respect to other information that is included in the council's Annual report, we have informed you of all the sections/separate documents that we expect to issue that may comprise other information. With regard to any other information that we have not provided to you prior to the date of the auditor's report, that we intend to prepare and issue such other information and that we expect to issue it by 22nd September 2021 and will provide it to you to enable you to complete your required procedures.
48. We have provided you with a copy of the printers' proof of the annual report or will provide a copy to you on 22nd September 2021. We plan to publish our annual report on our website on 8th October 2021.

Other matters¹⁵ - COVID 19 or other significant state emergencies

49. We have provided you with all information related to the impact of COVID 19 pandemic (and or other state emergencies e.g. bushfires) on operating results, financial conditions and cash flows. This includes details of all government financial assistance received, information on rent holidays or concessions granted to lessees or received as a lessee. We have advised you of information on all procedures and controls arising as a result of the pandemic. We have notified you of all new programs that have been or will be implemented or that will permanently cease as a result of the pandemic. We have assessed significant ongoing COVID-19 impacts and have provided you with our most current mitigation plans and forecasts. We have considered the impact of COVID -19 and confirm the going concern basis is appropriate. All impacts from COVID-19 are properly reflected in the financial report.
50. We have provided you with all requested information, explanations and assistance for the purposes of the audit.
51. We have provided you with all information required by the *Local Government Act 1989*.

Conclusion

¹⁴ [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)

¹⁵ [ASA 580 Written Representations](#)

We understand that your examination was made in accordance with the *Audit Act 1994* and Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an audit opinion on the financial report and performance statement of the council taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

This letter is provided for and on behalf of City of Greater Geelong.

Yours sincerely

Karen Olesnicky
Chief Financial Officer
14 September 2021

Michael Dugina
Director, Customer & Corporate Services
14 September 2021

Attachment A

Provided below is a list of the uncorrected financial report misstatements:

Component(s) affected	Amount of adjustment	Underlying cause of difference
Contributions — Non-monetary Accumulated Surplus	DR 9,600,000 CR 9,600,000	Council received 14 parcels of land from the Department of Environment, Land, Water and Planning (DELWP) in prior periods. This income and the associated assets were not accounted for until the current year.
Other Provisions Other Expenses	DR 800,000 CR 800,000	Council provided for costs associated with 2025 UCI Gran Fondo World Championships. As there is no present obligation and the costs are contingent on Geelong being awarded the right to host the event, it does not meet the recognition criteria of a provision under AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .

CITY OF GREATER GEELONG

WADAWURRUNG COUNTRY P: 03 5272 5272
PO Box 104, Geelong VIC 3220 E: contactus@geelongcity.vic.gov.au
www.geelongaustralia.com.au



Sanchu Chummar
Acting Sector Director, Local Government
Victorian Auditor-General's Office
Via email: Sanchu.Chummar@audit.vic.gov.au

14 September 2021

Dear Mr Chummar

Re: Representations by the Chief Executive Officer and Chief Financial Officer in relation to the financial report and performance statement of City of Greater Geelong for the year ended 30 June 2021

This representation letter is provided in connection with your audit of the financial report and performance statement of City of Greater Geelong for the year ended 30 June 2021. The audit is undertaken for the purpose of you being able to obtain sufficient and appropriate audit evidence on which to express an opinion as to whether the financial report presents fairly, in all material respects in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989* and whether the performance statement presents fairly in accordance with the requirements of the *Local Government Act 1989*.

We confirm that, to the best of our knowledge and belief, the representations we make below are based on information available to us, having made such enquiries as we considered necessary to appropriately inform ourselves on these matters.

Preparation of the financial report

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 6 May 2021, for the preparation of the financial report in accordance with Australian Accounting Standards and the requirements of *Local Government Act 1989* in particular the financial report presents fairly, in all material respects.

1. We have prepared the financial report as a not-for-profit entity for the purpose of reporting under Australian Accounting Standards.
2. All transactions have been recorded in the accounting records and are reflected in the financial report.¹
3. Proper accounts and records of the transactions and affairs of the council and such other records as sufficiently explain the financial operations and financial position of

¹ [ASA 580 Written Representations](#)

the council have been kept in accordance with the *Local Government Act 1989*, where applicable.

4. The effects of uncorrected misstatements are immaterial, both individual and in the aggregate, to the financial report as a whole. A list of all uncorrected misstatements is attached to this representation letter (refer Attachment A)².

Access to information

5. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters
 - b. any additional information that you have requested from us for the purpose of the audit
 - c. unrestricted access to persons within the council from whom you determined it necessary to obtain audit evidence³

Controlled entities

6. We have undertaken a control assessment using the criteria outlined in AASB 10 *Consolidated Financial Statements*. Our assessment has not identified any controlled or jointly controlled entities that require consolidation.

Joint arrangements

7. We have undertaken an assessment of our contractual arrangements to determine whether they are joint arrangements as per the requirements of AASB 11 *Joint Arrangements*.
8. The financial statements have accounted for the following joint arrangements:
 - Geelong Regional Library Corporation

We have assessed these arrangements to determine whether they are joint operations or joint ventures and accounted for the arrangements in line with the requirements of AASB 11 *Joint Arrangements*.

Fraud disclosure

9. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.⁴
10. We are not aware of any actual or suspected fraud affecting City of Greater Geelong that involves:
 - a. management
 - b. employees who have significant roles in internal control or
 - c. others where the fraud could have a material effect on the financial report.⁵
11. We are not aware of any allegations (to the extent we are legally able to disclose these to you in accordance with the requirements of the *Independent Broad-based Anti-Corruption Commission Act 2011*) of fraud, or suspected fraud, affecting City of

² [ASA 450 Evaluation of Misstatements Identified during the Audit](#)

³ [ASA 580 Written Representations/ASA 210 Agreeing the Terms of Audit Engagements](#)

⁴ [ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report](#)

⁵ [ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report](#)

Greater Geelong's financial report communicated by employees, former employees, analysts, regulators or others⁶.

Internal control

12. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud and/or error⁷. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control of which we are aware.

Legal

13. We have disclosed to you all known or suspected instances of non-compliance with laws or regulations whose effects should be considered for disclosure when preparing the financial report⁸.
14. There is no known actual or possible litigation and claims whose effects should be considered when preparing the financial report.
15. The council has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset, with the exception of assets under finance lease, been pledged as collateral.
16. The council has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of noncompliance.
17. City of Greater Geelong has been properly managed in accordance with the requirements of the *Local Government Act 1989*.
18. We have complied with, in all material respects, the requirements of *Local Government Act 1989* for the establishment and keeping of relevant accounts, registers and other appropriate records.

Accounting estimates

19. We believe that the significant assumptions, judgements, methods and data we have used in making accounting estimates for inclusion in the financial report are reasonable, appropriately supported and, where required, disclosed to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.⁹

Financial statement disclosures

20. The financial report discloses all significant accounting policies used in the preparation of the financial report. We considered the substance of the underlying transactions as well as their legal form in selecting the appropriate accounting policies and related disclosures for the financial report.
21. The following have been properly recorded and/or disclosed in the financial report:
 - a. arrangements involving restrictions on cash balances and line-of-credit or similar arrangements

⁶ [ASA 240.39\(d\)](#)

⁷ [ASA 240.39\(b\)](#)

⁸ [ASA 250 Consideration of Laws and Regulations in an Audit of a Financial Report](#)

⁹ [ASA 540 Auditing Accounting Estimates and related disclosures](#)

Income and Revenue

22. We have determined whether contracts and arrangements are within the scope of AASB 1004 *Contributions*, AASB 15 *Revenue* and AASB 1058 *Income of Not-for-Profit Entities*; applying the relevant measurement and recognition requirements for each transaction.

Asset and liability fair values (including property, plant and equipment)

23. We consider the measurement methods, including related assumptions, used to determine fair values relating to assets and liabilities to be appropriate based on the nature and purpose of the asset/liability. These have been consistently applied and appropriately disclosed in the financial report.
24. We have considered the requirements of AASB 13 *Fair Value Measurement* relating to the fair value of property, plant and equipment. These assets have been valued on the basis that the highest and best use of the asset is obtained from its current use, taking into consideration what is physically possible, legally permissible and financially feasible. Our fair value assessment did not identify any internal or external events that would trigger a reassessment of the assets' highest and best use. Further, we confirm that the assumptions used by us in the categorisation of observable and un-observable inputs within the fair value valuation hierarchy are reasonable and have been fully disclosed in accordance with the accounting standards and other applicable financial reporting requirements.
25. Management acknowledges the caveats/disclaimers on significant estimation uncertainty in the independent valuation reports provided for land and building assets. Management have determined that an appropriate to risk adjustment has been made to the carrying value of these assets for the significant uncertainty. The significant estimation uncertainty has been appropriately disclosed at 30 June 2021.
26. We have applied AASB 16 *Leases*. We have assessed whether our contracts are or contain a lease. For our leases we have recognised on the balance sheet a separate right of use asset (ROU) with an associated lease liability. We have applied the initial and subsequent measurement ROU asset and lease liability.
27. We have considered the requirements of AASB 136 *Impairment of Assets* when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
28. Asset useful lives have been reviewed and we are satisfied that they reflect the assets' expected period of use.
29. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
30. We have determined whether our contracts are within the scope of AASB 1059 *Service Concession Arrangements: Grantors*. We did not identify any service concession arrangements.

Related parties and key management personnel

31. We have determined who are the key management personnel of City of Greater Geelong in accordance with AASB 124 *Related Party Disclosures* and we are satisfied that our assessment is complete and appropriate.
32. We are satisfied that the compensation paid to key management personnel has been properly reported in note 7 to the financial statements in accordance with AASB 124 *Related Party Disclosures*, and includes all required components of compensation.

33. We have identified and appropriately disclosed all significant transactions with government-related entities in accordance with AASB 124 *Related Party Disclosures*.¹⁰
34. We have disclosed to you the identity of all non-government related parties (including any controlled entities), related party relationships and transactions of which we are aware. We have assessed these transactions to be material to the financial statements and therefore required to be disclosed in the financial report under AASB 124 *Related Party Disclosures*. Appropriate disclosure has been made.
35. We have appropriately accounted for and disclosed in the financial report all material related party relationships and transactions in accordance with AASB 124 *Related Party Disclosures*.¹¹

Responsible persons and senior officer disclosures

36. We have disclosed the number and names of any individual who held a responsible person position for City of Greater Geelong at any time during the year, including all remuneration received/receivable by those individuals as per the requirements of the *Local Government (Planning and Reporting) Regulations 2014*.
37. We have disclosed the remuneration of all executive officers as per the requirements of AASB 124 *Related Party Disclosures*. This includes all short-term, post-employment, other long-term benefits and any termination benefits

Future plans

38. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
39. We have no plans or intentions that may materially affect the carrying values or classification of any assets and liabilities.

Going concern

40. We have assessed the council's ability to continue as a going concern and believe there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due.

Subsequent events

41. No additional events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.¹²

Preparation of the performance statement

42. We have prepared and presented the performance statement in conformity with the requirements of *Local Government Performance Reporting Framework*. We consider the indicators to present fairly the performance of the council.
43. All relevant matters have been recorded in the council's records and are reflected in the performance statement¹³.
44. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and/or error. We have established and maintained an adequate internal control structure to facilitate the preparation of a

¹⁰ [ASA 550 Related Parties](#)

¹¹ [ASA 550 Related Parties](#)

¹² [ASA 560 Subsequent Events](#)

¹³ [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)

reliable performance statement. We have disclosed to you details of all deficiencies in internal control of which we are aware¹⁴.

Publication of the financial report

45. With respect to publication of the financial report and performance statement in hard copy, we will ensure that:
 - a. the financial report and performance statement accurately reflects the audited financial report and performance statement and
 - b. the independent auditor's report has been reproduced accurately and in full.
46. The electronic presentation of the financial report and performance statement is our responsibility. Our responsibility includes ensuring that the electronic version of the financial report, the performance statement and the independent auditor's report presented on the website are the same as the final signed version of the financial report, the performance statement and independent auditor's report.
47. The Annual report may include additional financial and/or non-financial information other than the financial report, the performance statement and the independent auditor's report (referred to as 'other information'). With respect to other information that is included in the council's Annual report, we have informed you of all the sections/separate documents that we expect to issue that may comprise other information. With regard to any other information that we have not provided to you prior to the date of the auditor's report, that we intend to prepare and issue such other information and that we expect to issue it by 22nd September 2021 and will provide it to you to enable you to complete your required procedures.
48. We have provided you with a copy of the printers' proof of the annual report or will provide a copy to you on 22nd September 2021. We plan to publish our annual report on our website on 8th October 2021.

Other matters¹⁵ - COVID 19 or other significant state emergencies

49. We have provided you with all information related to the impact of COVID 19 pandemic (and or other state emergencies e.g. bushfires) on operating results, financial conditions and cash flows. This includes details of all government financial assistance received, information on rent holidays or concessions granted to lessees or received as a lessee. We have advised you of information on all procedures and controls arising as a result of the pandemic. We have notified you of all new programs that have been or will be implemented or that will permanently cease as a result of the pandemic. We have assessed significant ongoing COVID-19 impacts and have provided you with our most current mitigation plans and forecasts. We have considered the impact of COVID -19 and confirm the going concern basis is appropriate. All impacts from COVID-19 are properly reflected in the financial report.
50. We have provided you with all requested information, explanations and assistance for the purposes of the audit.
51. We have provided you with all information required by the *Local Government Act* 1989.

Conclusion

¹⁴ [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)

¹⁵ [ASA 580 Written Representations](#)

We understand that your examination was made in accordance with the *Audit Act 1994* and Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an audit opinion on the financial report and performance statement of the council taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

This letter is provided for and on behalf of City of Greater Geelong.

Yours sincerely

Martin Cutter
Chief Executive Officer
14 September 2021

Karen Olesnick
Chief Financial Officer
14 September 2021

Attachment A

Provided below is a list of the uncorrected financial report misstatements:

Component(s) affected	Amount of adjustment	Underlying cause of difference
Contributions — Non-monetary Accumulated Surplus	DR 9,600,000 CR 9,600,000	Council received 14 parcels of land from the Department of Environment, Land, Water and Planning (DELWP) in prior periods. This income and the associated assets were not accounted for until the current year.
Other Provisions Other Expenses	DR 800,000 CR 800,000	Council provided for costs associated with 2025 UCI Gran Fondo World Championships. As there is no present obligation and the costs are contingent on Geelong being awarded the right to host the event, it does not meet the recognition criteria of a provision under AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .

2.2. Long-term Financial Plan

Source: Customer & Corporate Services
Director: Michael Dugina

Purpose

1. To seek Council approval to undertake community engagement in accordance with section 91(4) of the *Local Government Act 2020* (the Act) and Council's Community Engagement Policy for the Long-term Financial Plan.

Background

2. Under section 91 of the *Local Government Act 2020* Council must develop and keep in force a Financial Plan covering at least the next 10 financial years. The financial plan must be in place by 31 October the year following a general election and be developed in accordance with its deliberative engagement practices.
3. A Financial Plan must contain all required statements, reports and data as prescribed by the Act.
4. The Long-term Financial Plan (the plan) is an integral part of Council's suite of strategic management plans that links Council's business plans and asset management plans and translates the outcomes and strategies of these plans into financial terms.

Key Matters

5. Generation 1 of the plan covers period a 10-year period 2021-2031, the first four years being underpinned by the 2021-22 to 2024-25 Budget with the remaining years based on key assumptions. Subsequent generations will be enhanced as our approach to long term planning matures as well as data and information are improved and made available.
6. The plan is an integral part of Council's planning process and is aligned to other core planning documents, including the 30 Year Community Vision, the Council's Our Community Plan (2021-2025), the Social Infrastructure Plan and Sustainability Framework. Further updates will be made to the plan to integrate information from Asset Management Plans and Workforce Plans when they are completed and adopted by Council.
7. The plan will be exhibited for 14 days on the City's Have Your Say Engagement page on the Geelong Australia website.
8. Feedback received from the engagement will be considered in development of the Final plan.
9. The Long-term Financial Plan will be presented to Council for adoption at a meeting on 26 October 2021.

RESOLUTION - Item 2.2

Cr Aitken moved, Cr Mason seconded -

That Council:

- 1. Endorse community engagement for the Long-term Financial Plan 2021-31 Council's Community Engagement for a 14-day period; and**
- 2. Note that a further report will be presented to Council to adopt the final version of the Long-term Financial Plan, which will take into consideration any feedback from the community engagement.**

Carried

Financial Sustainability

10. Key financial sustainability principles are used to provide Council with a sound framework and guidance for decision making in which sound and sustainable financial decisions are made.
11. Key financial indicators used to assess Council's long-term financial sustainability include the operating surplus/(deficit) ratio, asset renewal funding ratio, liquidity and indebtedness ratio. These ratios are in line with Council's established benchmarks and risk appetite to ensure the financial sustainability of Council's long-term financial performance and position.

Community Engagement

12. The *Local Government Act 2020* requires a financial plan be developed in accordance with its deliberative engagement practices.
13. In the development of Long-term Financial Plan, a process of community engagement has been undertaken. Further engagement will be undertaken for a two week period for additional community comment.

Social Equity and Sustainability

14. The City's Social Equity Principles have influenced the development of the Long-term Financial Plan.

Relevant Law/Policy/Legal Implications

15. The Long-term Financial Plan is prepared to comply with the requirements of the *Local Government Act 2020* and Council's Borrowing Policy.

Alignment to Community Plan and Vision

16. This report aligns with Our Community Plan 2021-2025 strategic priority:
High-performing council and organisation.
Strong local economy.
17. This report aligns with the Community led 30-year Vision, "Greater Geelong: A Clever and Creative Future" community aspiration:
A prosperous economy that supports jobs and education opportunities.

Conflict of Interest

18. No officer involved in the preparation of this report declared a general or material conflict of interest.

Risk Assessment

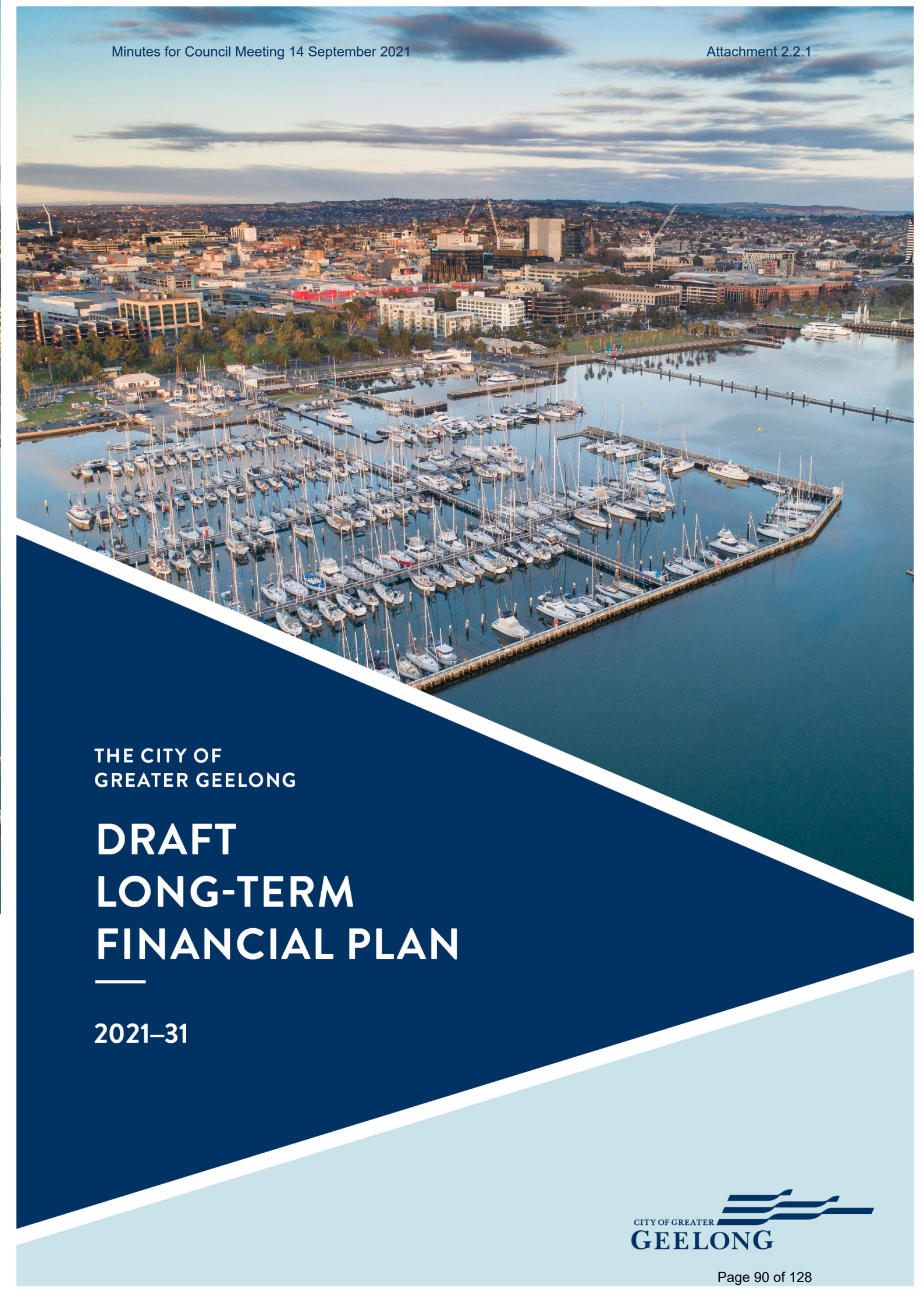
19. Under section 91 of the *Local Government Act 2020* Council must develop and adopt a Financial Plan by 31 October in the year following a general election.

Environmental Sustainability

20. The proposed plan identified the sources and allocation of resources to assist in the implementation of a number of initiatives to support environmental sustainability as identified in Our Community Plan 2021-25.

Attachments

1. DRAFT Long Term Financial Plan [**2.2.1** - 38 pages]

An aerial photograph of Geelong, Victoria, Australia, showing the city skyline, the harbor, and a large marina filled with numerous sailboats. The image is used as a background for the top half of the document cover.

THE CITY OF
GREATER GEELONG

DRAFT LONG-TERM FINANCIAL PLAN

2021–31

Contents

Executive Summary	5
Background	6
Purpose	6
Legislative Requirements	6
Service Level Planning	7
What has influenced the long-term financial plan?	8
How We Engaged	9
Key Risks	10
The Plan	11
Financial Highlights	11
Financial Sustainability	11
a. Operating Surplus Ratio	12
b. Liquidity Ratio	13
c. Indebtedness Ratio	14
d. Asset Sustainability Ratio	15
Revenues	17
a. Rates and Charges	17
b. Contributions	18
c. User Fees	18
d. Government Grants	18
e. Statutory Fees and Charges	19
Expenses	19
a. Employee Costs	19
b. Materials and Services	19
c. Depreciation & Amortisation	20
d. Other Expenses	20
Capital Program of Works	20
Appendix 1 – Financial Statements	21
Comprehensive Income Statement	22
Balance Sheet	23
Statement of Changes in Equity	24
Statement of Cash Flows	26
Statement of Capital Works	27

Statement of Human Resources	28
Appendix 2: Financial Performance Indicators	30
Notes to indicators:	31
Adjusted Underlying Result	31
Appendix 3: Strategies and Plans	33
Borrowing Strategy	33
Reserves Strategy	34
Statutory Reserves	34
Development Contributions Reserve	34
Water Quality Reserve	34
Deferred Works Reserve	34
Contact Us	38

The City of Greater Geelong acknowledges Wadawurrung people as the Traditional Owners of this land. It also acknowledges all other Aboriginal and Torres Strait Islander People who are part of the Greater Geelong community today.



Artwork: *On Country* by Ammie Howell.

Executive Summary

The City of Greater Geelong (the City) is going through a period of significant growth, and this Long-term Financial Plan, outlines its current and projected financial capacity to continue delivering critical services, infrastructure and facilities, whilst identifying important new capital investment to support this growth.

The Long-term Financial Plan (the plan), covering a period of 10 years, is an integral part of the City's suite of strategic management plans. Its role is to link our strategic and business plans and translates the outcomes and strategies of these plans into financial terms.

The development of the plan is in accordance with the requirements under the *Local Government Act 2020*. Considered to be 'Generation One', the plan builds on the foundations of the 2021-22 to 2024-25 adopted budget and is the City's first published Long-term Financial Plan. The plan was guided by our existing policies and plans and most importantly the views of the community. The Plan is underpinned by the objectives and outcomes of the *Our Community Plan 2021-25*, the 30-Year Community Vision, *Greater Geelong: A Clever and Creative Future*, the *Social Infrastructure Plan* and the *Sustainability Framework 2020*. Further generations of the plan will be considered as other significant plans are developed and adopted by Council.

Key financial indicators used to assess the City's long-term financial sustainability include the operating surplus/deficit ratio, asset renewal funding ratio, liquidity and indebtedness ratios. These ratios are in line with our established benchmarks and risk appetite to ensure the financial sustainability of our long-term financial performance and position.

Our aim in developing the plan is to achieve the following objectives:

1. Maintain the existing services and service levels and make sure services align with the objectives of Our Community Plan and the 30-Year Community Vision.
2. Continually improving our efficiency in the provision of existing and future services by proactively seeking out savings without affecting service levels.
3. Excluding the short-term impact from the COVID-19 pandemic, maintain operating surpluses for the remaining period of the Plan.
4. Maintain a strong cash position so that we remain financially sustainable in the long-term and have capacity to respond to unexpected events.
5. Continuously improving our asset management plans to enable us to appropriately maintain over \$3 billion of assets by renewing vital infrastructure and facilities.
6. Maintain debt and interest costs within our established benchmarks and ensuring our capacity to service and repay this debt into the future.
7. Pursue state and federal funding opportunities where aligned to key strategic outcomes.

The Long-term Financial Plan covers the period 2021-22 to 2030-31, with the first four years being underpinned by the 2021-22 to 2024-25 Budget.

Background

PURPOSE

The purpose of the plan is to:

- present a financial analysis of the strategic objectives and goals set out in key strategic documents
- provide the City with information to assess resourcing requirements to achieve its strategic objectives and to assist the City to ensure long-term financial sustainability
- address the operating and capital needs placed on the City over the next ten years
- enhance the transparency and accountability to both residents and rate payers

Further updates will be made to the plan to integrate information from asset management plans and workforce plans when they are completed and adopted by Council.

LEGISLATIVE REQUIREMENTS

The *Local Government Act 2020* requires Councils to develop, adopt and maintain a financial plan covering a span of at least 10 financial years.

The plan must include:

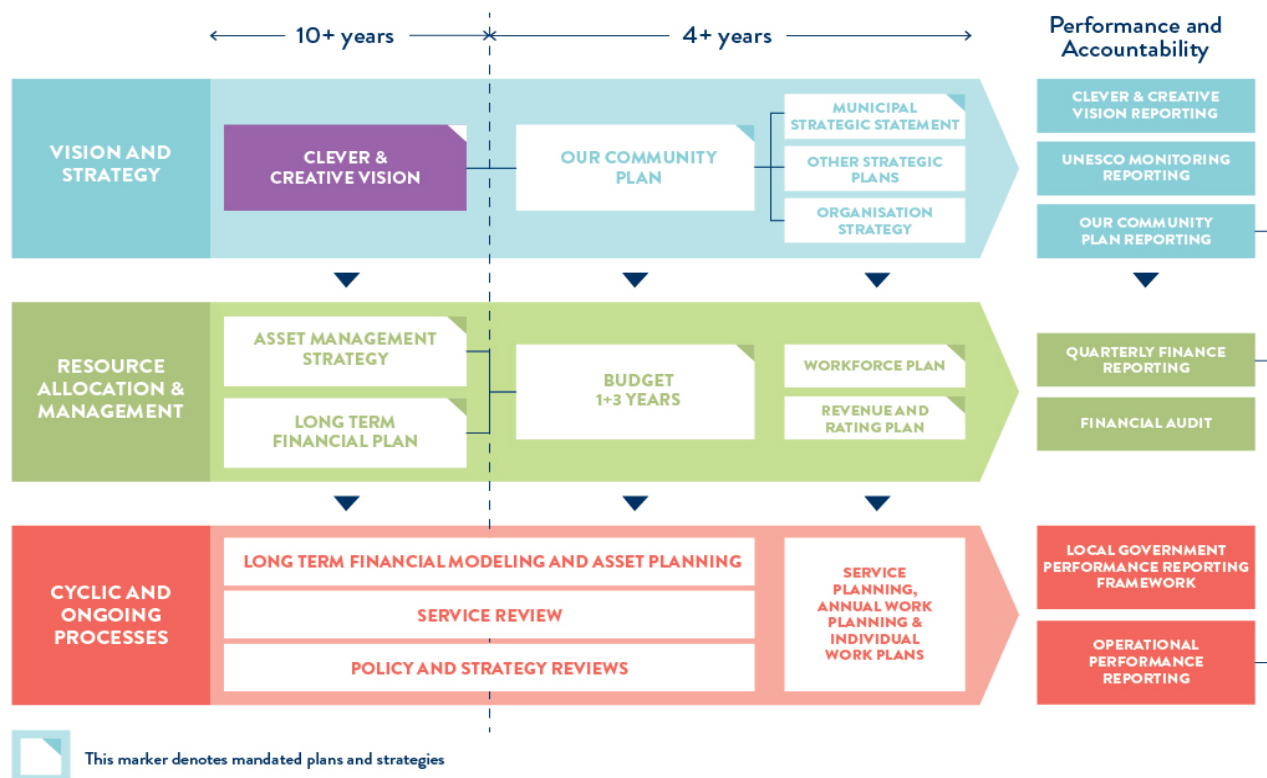
- statements describing the financial resources required to give effect to the Council Plan other strategic plans of the Council
- information about the decisions and assumptions that underpin the forecasts in the statements
- statements describing any other resource requirements that the Council considers appropriate to include
- any other matters prescribed by the regulations

It must also be developed in accordance with its deliberative engagement practices and adopted by 31 October in the year following a general election.

Integrated Planning

This section describes how the plan links to the achievement of the 30-Year Community Vision, Our Community Plan and other strategies within an overall integrated planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long-term (Community Vision and Financial Plan), medium term (Our Community Plan, Workforce Plan, and Revenue and Rating Plan) and short term (Budget) and then holding itself accountable (Annual Report). The timing of each component of the framework is critical to the successful achievement of the planned outcomes.

The diagram below depicts the integrated planning and reporting framework that applies to local government in Victoria. At each stage of the integrated planning and reporting framework there are opportunities for community and stakeholder input. This is important to ensure transparency and accountability to both residents and ratepayers.



SERVICE LEVEL PLANNING

The City delivers a wide range of services, infrastructure and facilities to the community. Although councils have a legal obligation to provide some services such as animal management, local roads, food safety and statutory planning, most council services are not legally mandated, including some services closely associated with councils such as libraries, building permits and sporting facilities.

Over time, the needs and expectations of communities change. Therefore, councils should have robust processes for service planning and review to ensure all services continue to provide value for money and are in line with community expectations.

The plan assumes current services and agreed services levels are maintained throughout the life of the plan. Future plans will be reviewed and amended for any proposed changes in services, service levels or service delivery models.

WHAT HAS INFLUENCED THE LONG-TERM FINANCIAL PLAN?

Long-term Financial Plan Influences

Greater Geelong: A Clever and Creative Future

A 30-year document which outlines the communities vision *“By 2047, Greater Geelong will be internationally recognised as a clever and creative city-region that is forward looking, enterprising and adaptive, and cares for its people and environment.”*

Features nine community aspirations:

- A prosperous economy that supports jobs and education opportunities.
- A leader in developing and adopting technology.
- Creativity drives culture.
- A fast, reliable and connected transport network.
- A destination that attracts local and international visitors.
- People feel safe wherever they are.
- An inclusive, diverse, healthy and socially connected community.
- Sustainable development that supports population growth and protects the natural environment.
- Development and implementation of sustainable solutions.

Our Community Plan

A-year plan, which outlines how the City will work towards making Greater Geelong a clever and creative city.

It guides the resources to deliver infrastructure, services and programs to ensure the social, economic and environmental sustainability of the region,

There are four strategic directions for us to focus on over the next four years. They are:

- Healthy, caring and inclusive community
- Strong local economy
- Sustainable growth and environment
- High performing Council and organisation.

Engagement with stakeholders and community

Our local policies and strategies

- Social Infrastructure Plan.
- Asset Management Plans (due for adoption by June 2022)
- Workforce Management Plan (due for adoption by December 2021)
- Sustainability Framework 2020
- Social Equity Principles
- Settlement Strategy 2020

How We Engaged

Community engagement is a vital step in the planning process, it has helped shape several strategic plans and key projects for the City. This feedback has influenced the development of the Long-term Financial Plan.

We have engaged the community in several ways:

- **Greater Geelong: A Clever and Creative Future:** The community-led 30-year vision, developed in 2016 following a considerable deliberative engagement process which captured the voices of over 16,000 community members. The community told us what they valued about the region, how it rated against recognised elements of a successful community, and shared ideas about how to address challenges now and into the future.

The 30-year vision is the leading strategy that drives long-term investment and decision making as the City continues to the path towards a clever and creative future.

- **Our Community Plan 2021-25 and Long-term Financial Plan:**
 - Online surveys made available to the general community for a two-month period December 2020 to January 2021.
 - Open submissions to selected partner organisations, community groups and advisory committees.
 - Community deliberative workshops held with 98 community members during January 2021 to March 2021.
 - Stakeholder focus groups.
 - Draft document released, with the 4-year budget for community feedback in April 2021.

Our Community Plan and the actions supporting this plan, have underpinned the development of the first four years of the Long-term Financial Plan.

- **Revenue and Rating Plan:** Surveys were distributed to those involved in the development of Our Community Plan deliberative engagement. The same survey was also listed online on the City's Have Your Say for the community. The engagement provided insight on community expectations regarding the current rating strategy and timeline for any proposed change. The learnings from this engagement will inform future revenue and rating plans.

Key Risks

The plan relies upon several key assumptions, based on the latest available data and professional judgement. Over time, these assumptions will change based on the evolving internal and external environment. The plan will be actively monitored with regular revision to ensure the latest assumptions are incorporated within and to ensure it remains robust in the face of these challenges.

The inherent challenges faced in developing a long-term financial plan can be divided into three key groups.

External Risks

- **Economic Changes**
 - Continuing financial and economic impact of the COVID-19 pandemic.
 - Interest rate fluctuations.
 - Inflation and movements in the Consumer Price Index.
 - Economic growth – residential and new business development.
- **Political Changes**
 - Continuing financial and economic impact of the COVID-19 pandemic or other natural disasters.
 - Interest rate fluctuations.
 - Inflation and movements in the Consumer Price Index.
 - Changes to Levies and their conditions (i.e. Environment Protection Authority levy).
 - Changes in rate capping.
- **Climate Changes**
 - Impacts of climate change.
 - Natural disasters.

Internal Risks

- Service reviews and changes in agreed service levels.
- Infrastructure asset management and asset renewal.
- Changes in fees and charges and other revenue sources.
- Delivery of key projects and efficiency programs.
- Workforce management and salaries and ways costs.

Community

- Community needs and expectations.
- Our Community Plan updates.
- Other key strategies.

The Plan

FINANCIAL HIGHLIGHTS

This is the City's first ever 10-year financial plan and is considered the first generation of the plan. Subsequent generations will be enhanced as our approach to long-term planning matures as well as data and information are improved and made available.

The 2021-22 to 2024-25 Budget provides the first four years as the foundation of the plan. With the remaining six financial years being based on key assumptions and inputs from other strategic plans and community priorities.

This plan includes the key assumptions for the major revenue and expense categories that have been based on available data sources and professional judgement.

Key highlights of the plan include:

- **Small underlying surpluses.** Over the next 10-year period, we forecast to achieve underlying surpluses in the range of -2.0 to +1.1 per cent, averaging at 0.3 per cent. A deficit in the 2021-22 financial year is due to the continuing impact of COVID-19 pandemic.
- **Increased level of debt.** Increased level of debt will support the City's Capital Program of Works. Debt rising by \$147 million over the duration of the plan however, remaining within defined parameters.
- **A focus on renewing the City's assets.** A proposed annual additional \$40 million to be spent on renewal by the end of plan.
- **Rate increase.** Rate increase assumed to stay in line with forecast rate caps.

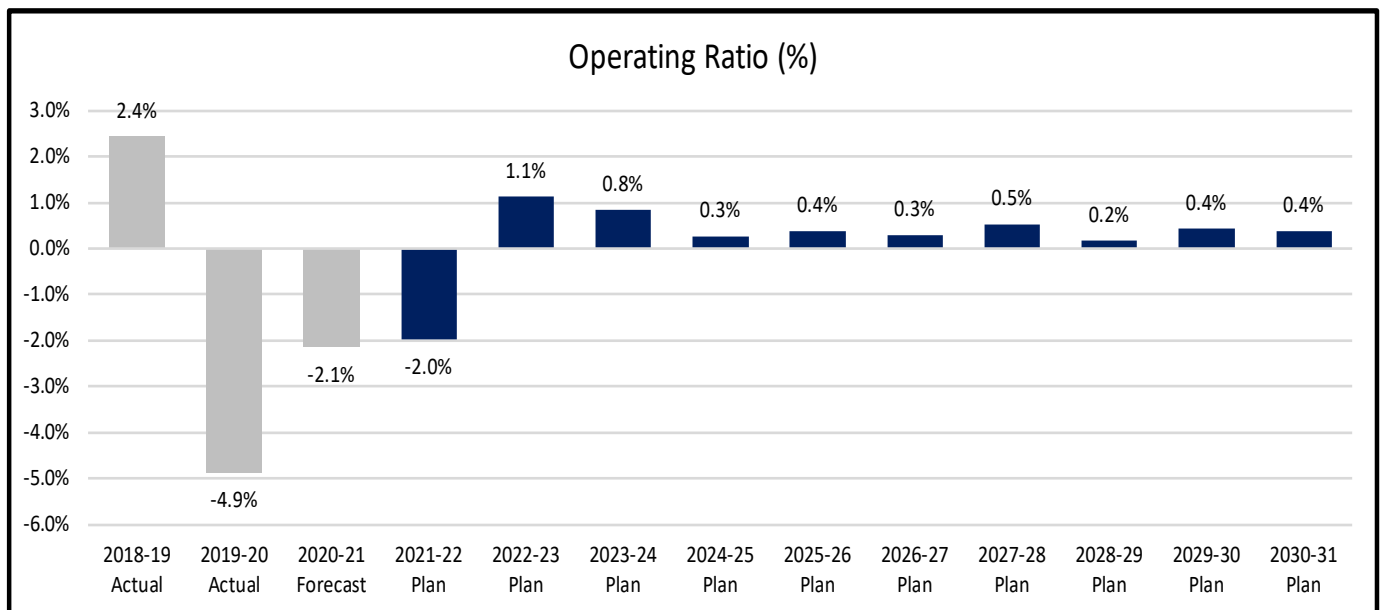
FINANCIAL SUSTAINABILITY

Our Council acknowledges that it must plan for the current and future needs of the community in a socially, culturally, environmentally and financially sustainable manner. They have a responsibility to guarantee that it has enough resources now and into the future to deliver the services and programs expected by the community. There is also a need to maintain community assets to a certain level so that the cost does not become a burden for future ratepayers and for the City to remain financially viable.

Key financial sustainability principles are used to provide Council with a sound framework and guidance for decision making in which sound and sustainable financial decisions are made. Financial sustainability is measured on the following principles.

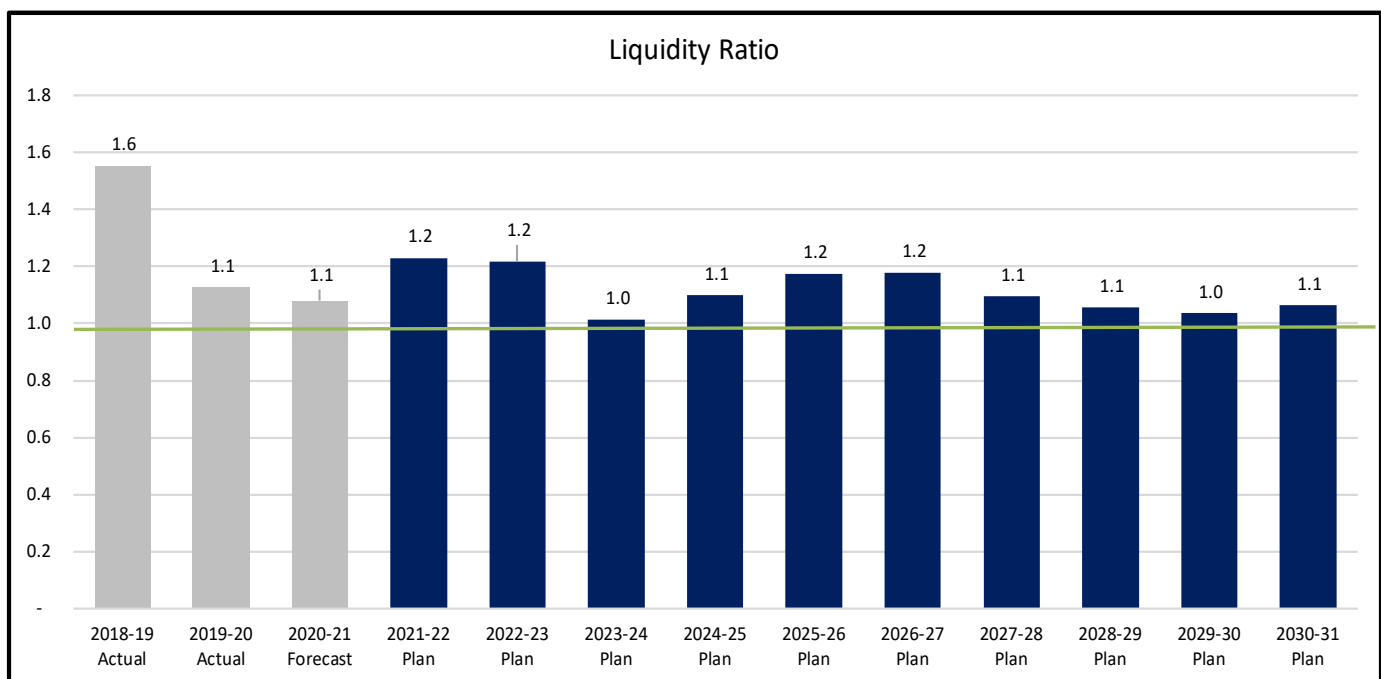
a. Operating Surplus Ratio

Purpose	Demonstrates the City's ability to fund services and operations over the long-term.	
Formula	Recurrent Operating Result / Total Recurrent Operating Revenue.	
Target / Risk Appetite	Council will aim to operate in the medium risk range and maintain an average operating surplus for the period of the plan. However, as a result of the COVID-19 pandemic, Council have agreed to work with an operating deficit in the short term to support the community through its recovery, with planned surpluses in the medium and long-.	
Low Risk	> 5% and <10%	Recurrent operating surplus maintained for all periods in the long-term plan.
Medium Risk	> 0% and <5%	Average operating result over the plan is between 0% and 5%, with some periods of operating deficit.
High Risk	< 0% or >10%	Sustained periods of recurrent operating deficits or surpluses greater than 10%.



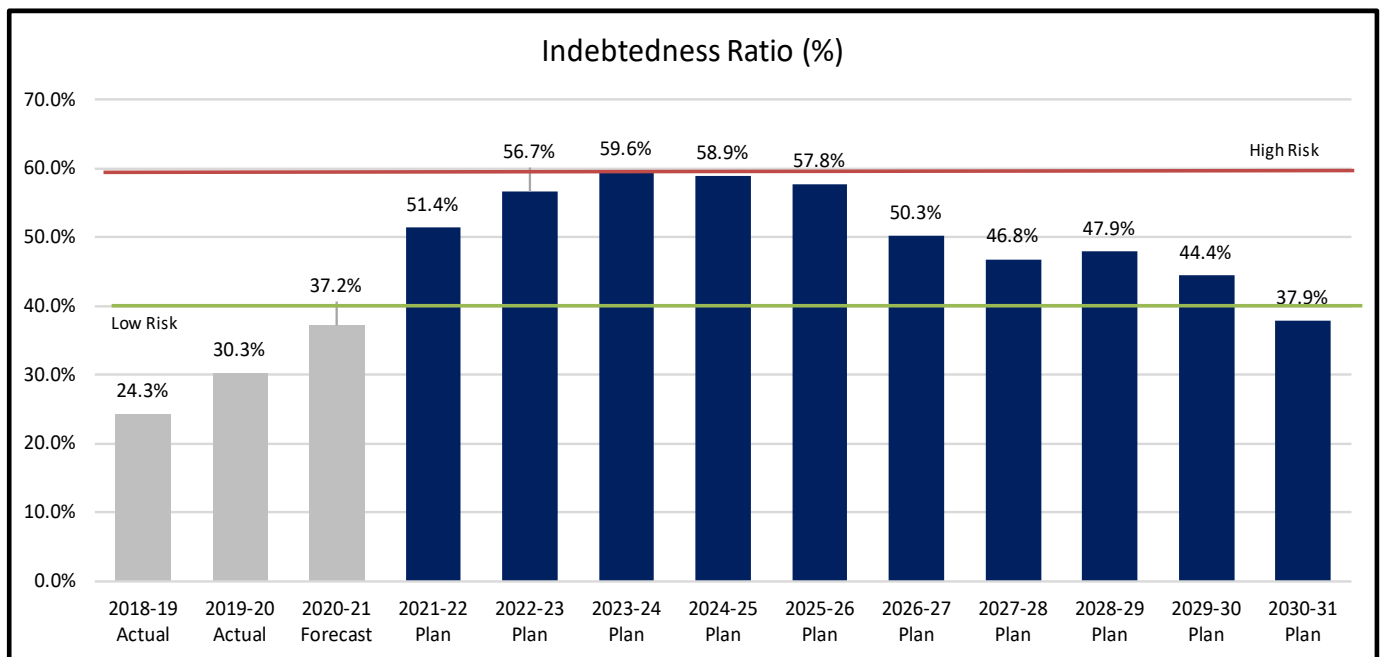
b. Liquidity Ratio

Purpose	Measures a City's ability to pay its short-term debt obligations.	
Formula	Current Assets / Current Liabilities.	
Target / Risk Appetite	Council will aim to operate within the low risk range.	
Low Risk	> 1.0	Average liquidity is maintained above 1 over the life of the plan.
Medium Risk	<1.0 >0.75	Average liquidity is maintained between 0.75 and 1.0 over the life of the plan.
High Risk	<0.75	Average liquidity is maintained less than 0.75 over the life of the plan.



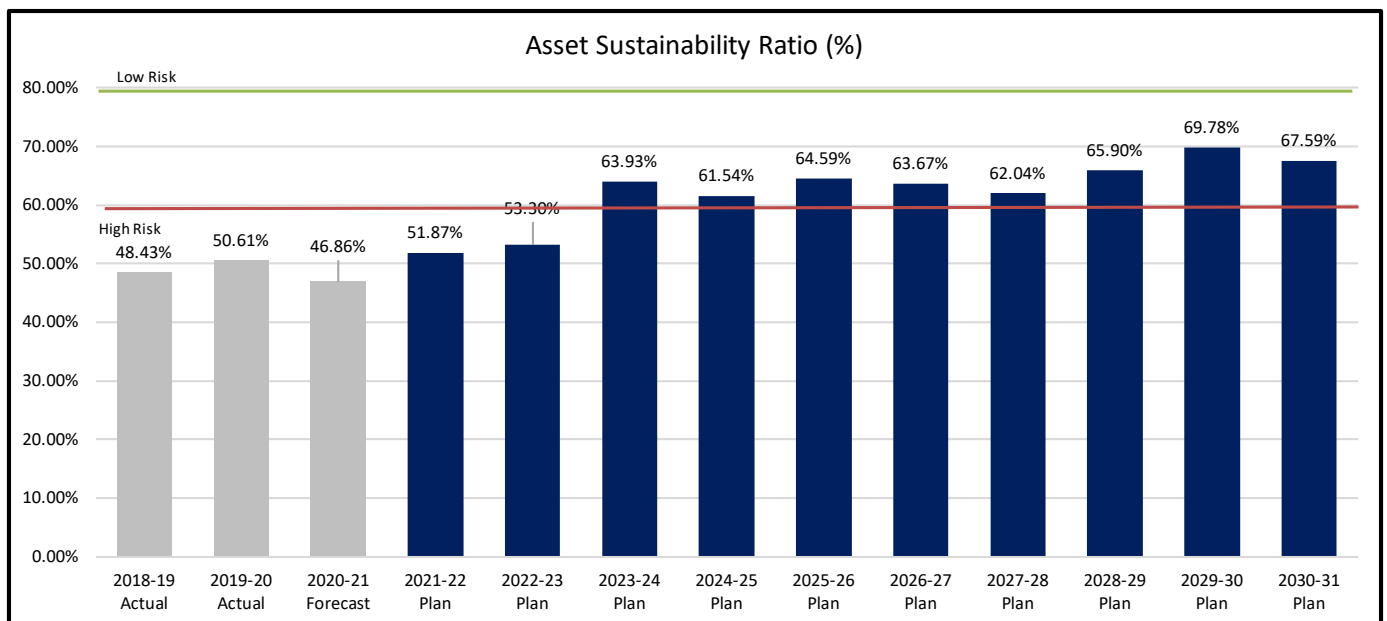
c. Indebtedness Ratio

Purpose	Determines the City's ability to service longer term liabilities from owned sourced revenue streams	
Formula	Non-current liabilities / Own sourced revenue	
Target / Risk Appetite	To operate in the medium to low risk range.	
Low Risk	< 40%	Average ratio is below 40% over the life of the plan.
Medium Risk	> 40% and < 60%	Average ratio is between 40% and 60% over the life of the plan.
High Risk	> 60%	Average ratio is greater than 60% over the life of the plan. Limited capacity for the City to increase borrowings, debt may become a burden.



d. Asset Sustainability Ratio

Purpose	Calculates the annual expenditure on renewing the City's assets against depreciation to measure whether Council is reinvesting appropriately in existing infrastructure assets.	
Formula	Capital Expenditure on Renewal of Assets / Depreciation Expense.	
Target / Risk Appetite	Over the life of the plan build towards the low risk range, with an average in the medium range.	
Low Risk	> 80%	Average renewal rates are greater than 80% of depreciation over the life of the plan.
Medium Risk	> 50% and <80%	Average renewal rates are between 50% and 80% of depreciation over the life of the plan.
High Risk	< 50%	Average renewal rates lower than 50% of depreciation over the life of the plan.



KEY ASSUMPTIONS

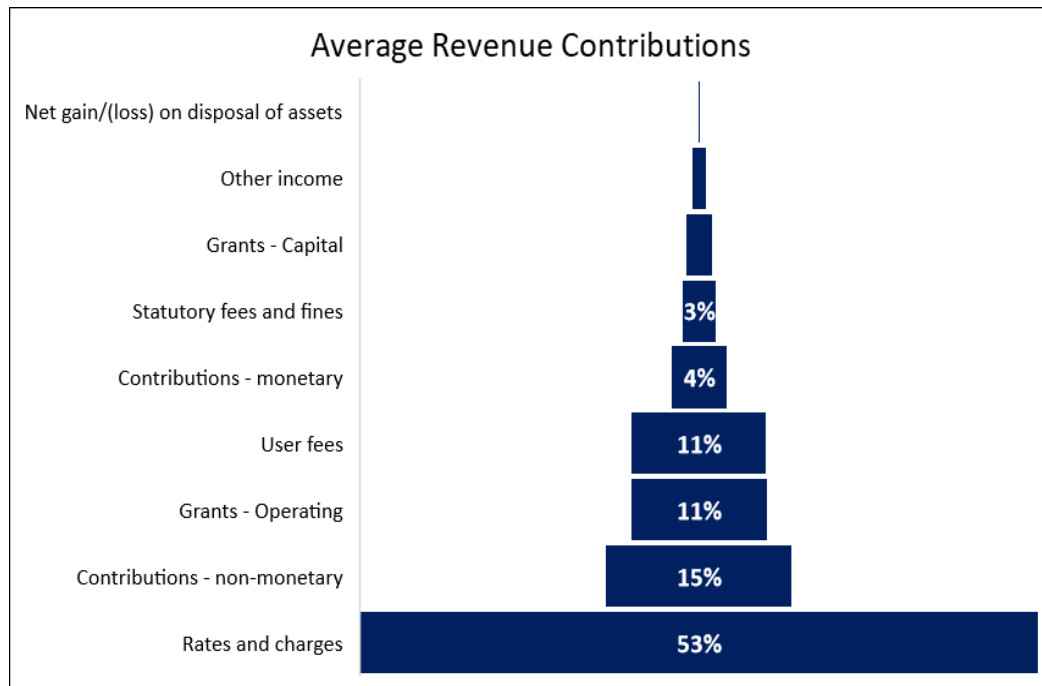
Financial and social indicators are inherent to predicting future values; these include Consumer Price Index, interest rates, employment levels, and population growth. The plan assesses financial trends over the ten-year period on a range of assumptions and provides the City with information to assess resourcing requirements to achieve its strategic objectives and to assist the City to ensure long-term financial sustainability.

It is important that the plan considers the most recent economic data and forecasts available. A review will be conducted each year to ensure that the underlying assumptions and parameters are reasonable given changes in the economic, internal and external environments.

Escalation Factors % movement	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
CPI	1.5%	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Growth	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rates and charges	1.5%	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Statutory fees and fines	1.5%	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
User fees	52.3%	11.8%	2.5%	3.1%	3.1%	3.5%	3.5%	3.5%	3.5%	3.5%
Grants - Operating	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Grants - Capital	-19.3%	39.2%	-71.6%	-9.2%	65.8%	47.7%	2.0%	5.1%	4.8%	-3.6%
Contributions - monetary	-14.7%	26.9%	-26.5%	37.9%	-35.5%	55.9%	-24.6%	6.1%	-55.3%	38.9%
Contributions - non-monetary	0.0%	12.5%	0.0%	0.0%	0.0%	11.1%	0.0%	0.0%	0.0%	0.0%
Other income	15.5%	7.4%	2.7%	-0.9%	2.2%	8.5%	9.8%	6.4%	8.2%	12.6%
Employee costs	5.6%	2.3%	3.7%	4.6%	5.1%	4.7%	5.0%	5.0%	5.0%	4.5%
Materials and services	12.0%	4.0%	4.9%	9.2%	2.6%	8.6%	2.6%	8.0%	2.2%	8.6%
Depreciation & Amortisation	4.8%	12.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other expenses	8.1%	-14.7%	8.8%	-15.8%	9.6%	-17.2%	10.6%	-18.7%	11.8%	-20.6%

REVENUES

For the City to deliver its services and infrastructure to meet community expectations it requires a considerable amount of money. The following table highlights the key revenues sources of the City.



a. Rates and Charges

Rates and charges on average comprise 53% of total income over the life long-term plan, being the most critical income source. Rates and charges income are budgeted at \$268.3 million in 2021-22 and is expected to rise by \$153.8 million to reach \$342.0 million by 2030-31.

The *Revenue and Rating Plan 2021-22* outlines the short and medium-term rating strategy that forms the basis of the long-term plan. The intention of the strategy is to:

- maintain rate increases in alignment with the state government rate cap, unless significant circumstances warrant a request for a variation to the rate cap
- continue to align commercial, industrial and petroleum rate categories over the medium-term
- reduce the commercial, industrial and petroleum differentials relative to the residential differentials over the medium and long-term as opportunities arise
- transition out the current farm rebate over the medium-term to allow all categories of rates to be managed solely within the four times (where the highest rate cannot be four times greater than the lowest rate)
- set the farm rate category at 75% of the residential rate category over the medium to long-term.

All rating categories including vacant land, mixed use and other land use types will continue to be reviewed on an annual basis and will consider property valuations and community input.

Assumptions

The revenue and rating plan includes a rate increase of 1.5% in 2021-22 aligned with the state government proposed rate cap, and a 2% increase for future years 2022-24.

The City is in a period of significant growth and will see approximately 28,370 new rateable properties over the life of the plan. Growth in the short-term is set at 2.5% per annum and dropping to 2% in the latter half of the plan.

Waste Charge

The waste collection service charge is a cost recovery model whereby all costs for delivering the service are recovered through the charge, including direct, indirect and overhead costs.

Significant investments are expected to be made over the ten years of the plan in order to deliver on our Sustainability Framework and the state government's waste plans. Investments include:

- rollout of the food organics and garden organics service delivery, a trial will commence in the 2021-22 financial year
- planning and construction of a regional resource hub
- investment in the development of a new resource recovery centre due to growth in the region
- state government Environment Protection Authority levy increases
- other state government initiatives, i.e. container deposits schemes.

Assumptions

The waste charge is anticipated to increase from \$360.95 in 2020-21 to \$667.80 by 2030-31.

b. Contributions

Contributions represent funds received by council, usually from non-government sources, and are usually linked to projects. Contributions can be made to the City in the form of either cash payments or asset handovers.

The plan includes the following contributions:

- monies collected from developers under planning and development agreements
- monies collected under developer contribution plans and infrastructure contribution plans
- facility upgrade contributions from user groups
- assets handed over to the City from developers at the completion of a subdivision, such as roads, drainage, and streetlights.

Monetary contributions are based on the contract payments as outlined in developer contribution plans.

c. User Fees

The City provides a wide range of services to our community. In undertaking this role, the City, through its planning and engagement processes, will assesses community needs and outline which services the City will fund. Contributions can be made by the users of the services to help fund service delivery; all fees and charges are reviewed annually and are guided by the City's fees and charges policy.

Assumptions

User Fees are assumed to increase in line with the CPI annually.

d. Government Grants

Grant revenue represents income usually received from other levels of government. The City actively advocates external grant funds for programs and prioritised works.

A large proportion of operating grants income is made up of the Financial Assistance Grant provided by the Commonwealth Government under the Local Government (Financial Assistance) Act 1995 (Commonwealth) and distributed annually to 79 local governing bodies within Victoria.

Historically, the City on average will also receive \$15-20 million in capital grants annually to complete significant community infrastructure projects. The City will continue to advocate for grants to complete large projects over the life of the Plan.

Assumptions

Operating grants are assumed with inflation rates. The value of capital grants will vary over the life of the Plan depending on the value and nature of the capital projects being undertaken.

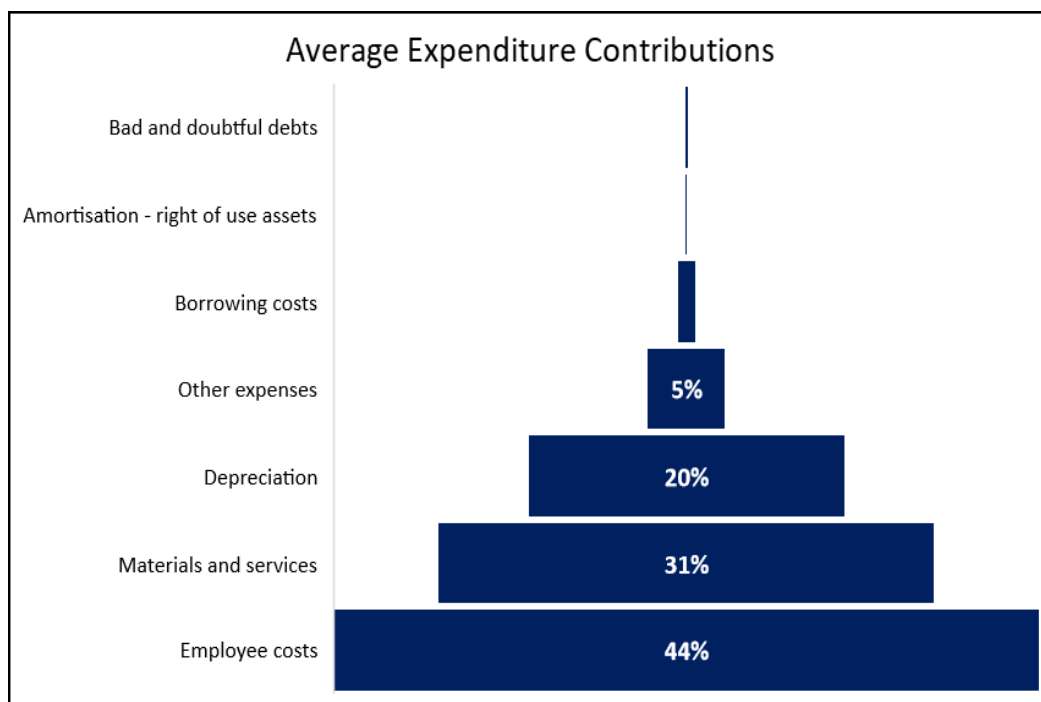
e. Statutory Fees and Charges

Statutory fees and fines are those which the City collects under the direction of legislation or other government directives. The rates used for statutory fees and fines are generally advised by the state government department responsible for the corresponding services or legislation, and generally councils will have limited discretion in applying these fees.

Assumptions

Statutory Fees are assumed to increase in line with the CPI annually, however, will be updated in line with any government announcements.

EXPENSES



a. Employee Costs

Employees are an integral part of the success of the City through the delivery of programs and services to our community. Total employee costs on average account for 44% of all expenditure. Employee costs are forecast at \$183.6 million for the 2021-22 financial year and will rise to \$218.1 million over the 10 years of the plan, to meet the growing needs of the municipality.

Assumptions

The growth in population and rateable properties will result in an increase in demand for services. A modest increase in staff numbers is anticipated (approximately 2% per annum) to accommodate this significant growth. In the short-term employee growth will be lower than average as a result of several key projects which are expected to drive productivity gains.

The City's existing Enterprise Agreement with staff is currently being negotiated, the outcomes from this will be reflected in subsequent versions of the 10-year plan and is a key determinant of employee cost increase.

b. Materials and Services

Materials and services average around \$153 million over the life of the plan, the budget at \$112.5 million in 2021-22 and growing to \$192.3 million by 2030-31. The most significant expense category within materials and services are contracts, which account for almost half of total materials and services.

Where the private sector is better positioned to deliver services on its behalf, contractors are engaged. The City's most significant contracted services are for waste management, home care support, parking and asset maintenance.

A further 20% of the balance is comprised of levies and contributions including support for the Geelong Regional Library Corporation.

Assumptions

Contract costs are assumed to increase in line with inflation over the life of the plan, additional allowance is made for growth as a result of significant projected population growth.

c. Depreciation & Amortisation

The City has infrastructure assets including roads, footpaths, buildings, drains and open space that average \$3.8 billion over the life of the Plan.

Assumptions

Depreciation is calculated based on the expected useful life of each asset (excluding land). Depreciation is expected to grow in line with the increasing asset base of approximately 5% annually.

d. Other Expenses

Other costs are assumed to increase in line with inflation over the life of the Plan.

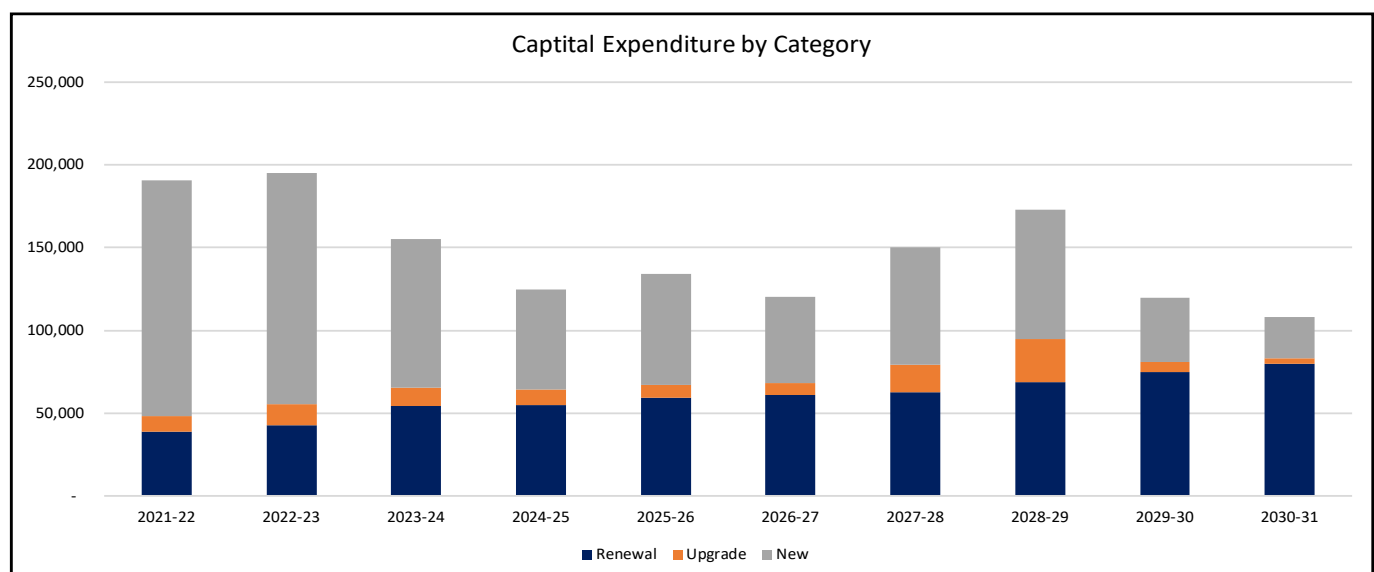
CAPITAL PROGRAM OF WORKS

The capital works program aims to meet the infrastructure service requirements of the City and its forecasted population growth. High demand for new infrastructure needs to be balanced with the community's expectation on maintenance and renewal of existing assets.

Development of asset management plans are underway, and our community will, over the next 12 months, participate in the development of these plans. The outcome of that work will reshape our Plan to ensure we reflect the financial needs for the maintenance, renewal and upgrade of our assets. The asset plans will include how we identify, plan and decommission building assets that are no longer safe or functional, where a viable alternative is available.

In the absence of complete asset management plans, this plan is heavily based on key assumptions around capital affordability, debt levels delivering new assets and maintaining a desired level of asset renewal.

The plan considers funding for several key community facilities including the development of the Northern Aquatic Centre and Community Hub, North Bellarine Pool as well as the implementation of key sporting and other masterplans, the redevelopment of key cultural and art facilities and key initiatives funded through the waste charge.



Appendix 1 – Financial Statements

Financial Plan Statements

This section presents information in regard to the financial plan statements for the ten years from 2021-22 to 2030-31.

Comprehensive Income Statement

Balance Sheet

Statement of Cash Flows

Statement of Capital Works

Statement of Human Resources

Statement of Changes in Equity

COMPREHENSIVE INCOME STATEMENT

	Forecast										
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income											
Rates and charges	258,540	268,323	285,072	300,717	315,875	332,761	350,042	368,041	386,443	405,807	426,186
Statutory fees and fines	13,286	15,759	16,248	16,751	17,270	17,884	18,518	19,176	19,857	20,562	21,291
User fees	38,057	57,979	64,826	66,456	68,516	70,948	73,467	76,075	78,776	81,572	84,468
Grants - Operating	68,781	62,275	64,421	65,710	67,024	68,699	70,417	72,177	73,982	75,831	77,727
Grants - Capital	22,039	17,793	24,763	7,038	6,390	10,596	15,653	15,961	16,770	17,581	16,942
Contributions - monetary	34,471	29,412	37,311	27,440	37,826	24,395	38,039	28,671	30,428	13,595	18,886
Contributions - non-monetary	80,000	80,000	90,000	90,000	90,000	90,000	100,000	100,000	100,000	100,000	100,000
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(4,939)	12,382	8,726	(4,841)	(3,264)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Fair value adjustments for investment property	-	-	-	-	-	-	-	-	-	-	-
Share of net profits/(losses) of associates and joint ventures	-	-	-	-	-	-	-	-	-	-	-
Other income	4,950	5,719	6,140	6,306	6,251	6,387	6,933	7,613	8,097	8,758	9,859
Total income	515,184	549,642	597,507	575,577	605,889	620,170	671,570	686,214	712,852	722,205	753,860
Expenses											
Employee costs	173,851	183,563	187,774	194,735	203,735	214,034	224,069	235,300	247,055	259,355	271,089
Materials and services	109,371	122,517	127,177	133,664	146,000	149,529	162,428	166,657	179,943	183,917	199,734
Depreciation	69,885	73,253	82,105	86,206	90,517	95,043	99,802	104,800	110,047	115,557	121,343
Amortisation - intangible assets	387	387	-	-	-	-	-	-	-	-	-
Amortisation - right of use assets	3,193	2,647	200	146	133	150	150	150	150	150	150
Bad and doubtful debts	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,060	1,061	1,062
Borrowing costs	2,915	3,876	5,183	5,891	6,319	6,656	6,468	6,069	6,229	5,894	4,210
Finance Costs - leases	147	55	11	6	2	-	-	-	-	-	-
Other expenses	28,476	30,786	26,261	28,571	24,046	26,356	21,831	24,141	19,616	21,926	17,401
Total expenses	389,285	418,144	429,771	450,279	471,812	492,827	515,807	538,177	564,100	587,860	614,988
Surplus/(deficit) for the year	125,899	131,498	167,736	125,297	134,077	127,343	155,762	148,036	148,752	134,345	138,872
Total comprehensive result	125,899	131,498	167,736	125,297	134,077	127,343	155,762	148,036	148,752	134,345	138,872

BALANCE SHEET

	Forecast										
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets											
Cash and cash equivalents	102,049	104,846	108,473	92,104	105,495	120,404	126,565	123,067	122,180	123,909	131,567
Trade and other receivables	13,600	13,900	14,200	14,500	14,800	15,100	15,400	15,700	16,000	16,300	16,600
Other financial assets	200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Inventories	773	859	876	894	912	934	958	982	1,006	1,031	1,057
Total current assets	116,622	120,805	124,749	108,697	122,406	137,638	144,123	140,949	140,386	142,440	150,424
Non-current assets											
Trade and other receivables	9,721	9,819	9,918	10,018	10,119	10,326	10,537	10,752	10,971	11,195	11,423
Investments in associates, joint arrangement and subsidiaries	10,357	10,357	10,357	10,357	10,357	10,357	10,357	10,357	10,357	10,357	10,357
Property, infrastructure, plant & equipment	2,980,363	3,163,613	3,360,041	3,519,036	3,651,952	3,775,365	3,906,703	4,057,271	4,225,034	4,353,360	4,463,573
Right-of-use assets	3,119	501	279	133	250	500	500	500	500	500	500
Total non-current assets	3,003,560	3,184,290	3,380,595	3,539,544	3,672,678	3,796,547	3,928,096	4,078,879	4,246,862	4,375,412	4,485,853
Total assets	3,120,182	3,305,095	3,505,344	3,648,242	3,795,085	3,934,186	4,072,219	4,219,828	4,387,248	4,517,852	4,636,277
Current liabilities											
Trade and other payables	44,720	32,371	32,656	34,042	35,311	36,314	37,669	38,791	40,207	41,307	43,064
Trust funds and deposits	10,070	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Provisions	37,457	37,322	38,173	39,580	41,401	43,484	45,513	47,785	50,162	52,650	55,023
Interest-bearing liabilities	13,148	18,240	21,454	23,353	24,703	27,232	29,011	31,854	32,487	33,233	32,970
Lease liabilities	2,772	226	151	142	-	-	-	-	-	-	-
Total current liabilities	108,167	98,159	102,433	107,117	111,415	117,029	122,193	128,430	132,857	137,190	141,057
Non-current liabilities											
Provisions	20,109	19,699	19,504	13,363	9,511	7,185	7,103	7,045	6,997	6,960	6,914
Interest-bearing liabilities	104,281	168,339	196,924	216,124	228,195	236,415	213,603	206,997	221,286	213,245	188,975
Lease liabilities	518	293	142	-	250	250	250	250	250	250	250
Total non-current liabilities	124,908	188,331	216,570	229,487	237,956	243,849	220,956	214,292	228,533	220,455	196,138
Total liabilities	233,075	286,490	319,003	336,604	349,370	360,878	343,149	342,722	361,389	357,646	337,196
Net assets	2,887,107	3,018,605	3,186,340	3,311,638	3,445,714	3,573,307	3,729,070	3,877,106	4,025,859	4,160,206	4,299,082
Equity											
Accumulated surplus	1,663,237	1,786,993	1,938,023	2,078,193	2,224,404	2,337,509	2,495,288	2,637,361	2,785,953	2,930,649	3,080,655
Reserves	1,223,870	1,231,612	1,248,318	1,233,445	1,221,311	1,235,548	1,233,532	1,239,496	1,239,656	1,229,307	1,218,177
Total equity	2,887,107	3,018,605	3,186,340	3,311,638	3,445,714	3,573,057	3,728,820	3,876,856	4,025,609	4,159,956	4,298,832

STATEMENT OF CHANGES IN EQUITY

	Total	Accumulated	Revaluation	Other
	\$'000	Surplus	Reserve	Reserves
	\$'000	\$'000	\$'000	\$'000
2021 Forecast Actual				
Balance at beginning of the financial year	2,761,208	1,541,040	1,187,580	32,588
Surplus/(deficit) for the year	125,899	125,899	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(31,762)	-	31,762
Transfers from other reserves	-	28,060	-	(28,060)
Balance at end of the financial year	2,887,107	1,663,237	1,187,580	36,290
2022				
Balance at beginning of the financial year	2,887,107	1,663,237	1,187,580	36,290
Surplus/(deficit) for the year	131,498	131,498	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(49,426)	-	49,426
Transfers from other reserves	-	41,684	-	(41,684)
Balance at end of the financial year	3,018,605	1,786,993	1,187,580	44,032
2023				
Balance at beginning of the financial year	3,018,605	1,786,993	1,187,580	44,032
Surplus/(deficit) for the year	167,736	167,736	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(70,518)	-	70,518
Transfers from other reserves	-	53,813	-	(53,813)
Balance at end of the financial year	3,186,342	1,938,023	1,187,580	60,738
2024				
Balance at beginning of the financial year	3,186,342	1,938,023	1,187,580	60,738
Surplus/(deficit) for the year	125,297	125,297	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(48,481)	-	48,481
Transfers from other reserves	-	63,354	-	(63,354)
Balance at end of the financial year	3,311,638	2,078,193	1,187,580	45,865
2025				
Balance at beginning of the financial year	3,311,638	2,078,193	1,187,580	45,865
Surplus/(deficit) for the year	134,077	134,077	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(48,284)	-	48,284
Transfers from other reserves	-	60,418	-	(60,418)
Balance at end of the financial year	3,445,714	2,224,404	1,187,580	33,731
2026				
Balance at beginning of the financial year	3,445,715	2,224,404	1,187,580	33,731
Surplus/(deficit) for the year	127,343	127,343	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(56,836)	-	56,836
Transfers from other reserves	-	42,599	-	(42,599)
Balance at end of the financial year	3,573,058	2,337,510	1,187,580	47,968

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2027				
Balance at beginning of the financial year	3,573,058	2,337,510	1,187,580	47,968
Surplus/(deficit) for the year	155,762	155,762	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(61,864)	-	61,864
Transfers from other reserves	-	63,880	-	(63,880)
Balance at end of the financial year	3,728,820	2,495,288	1,187,580	45,952
2028				
Balance at beginning of the financial year	3,728,820	2,495,288	1,187,580	45,952
Surplus/(deficit) for the year	148,036	148,036	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(64,720)	-	64,720
Transfers from other reserves	-	58,756	-	(58,756)
Balance at end of the financial year	3,876,857	2,637,361	1,187,580	51,916
2029				
Balance at beginning of the financial year	3,876,857	2,637,361	1,187,580	51,916
Surplus/(deficit) for the year	148,752	148,752	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(69,811)	-	69,811
Transfers from other reserves	-	69,650	-	(69,650)
Balance at end of the financial year	4,025,609	2,785,952	1,187,580	52,076
2030				
Balance at beginning of the financial year	4,025,608	2,785,952	1,187,580	52,076
Surplus/(deficit) for the year	134,345	134,345	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(42,661)	-	42,661
Transfers from other reserves	-	53,010	-	(53,010)
Balance at end of the financial year	4,159,954	2,930,647	1,187,580	41,727
2031				
Balance at beginning of the financial year	4,159,954	2,930,647	1,187,580	41,727
Surplus/(deficit) for the year	138,872	138,872	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	(21,334)	-	21,334
Transfers from other reserves	-	32,464	-	(32,464)
Balance at end of the financial year	4,298,826	3,080,649	1,187,580	30,597

STATEMENT OF CASH FLOWS

	Forecast										
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities											
Rates and charges	254,134	272,428	284,975	300,615	315,768	327,579	344,801	362,661	380,916	400,124	420,340
Statutory fees and fines	13,286	15,759	16,248	16,751	17,270	17,884	18,518	19,176	19,857	20,562	21,291
User fees	42,348	52,488	64,607	66,241	68,305	75,807	78,385	81,131	83,978	86,930	89,989
Grants - operating	68,981	62,275	64,621	65,910	67,224	68,899	70,617	72,377	74,182	76,031	77,927
Grants - capital	22,039	17,793	24,763	7,038	6,390	10,596	15,653	15,961	16,770	17,581	16,942
Contributions - monetary	34,471	29,412	37,311	27,440	37,826	24,395	38,039	28,671	30,428	13,595	18,886
Interest received	609	1,225	1,556	1,631	1,482	1,499	1,923	2,477	2,833	3,362	4,328
Other receipts	4,341	4,494	4,584	4,676	4,769	4,888	5,011	5,136	5,264	5,396	5,531
Net GST refund / payment	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Employee costs	(175,475)	(185,827)	(188,877)	(195,268)	(203,857)	(213,921)	(224,069)	(235,091)	(246,786)	(259,024)	(270,943)
Materials and services	(132,758)	(158,054)	(149,116)	(156,351)	(163,805)	(171,662)	(176,819)	(182,962)	(190,783)	(196,721)	(206,678)
Other payments	(18,600)	(21,333)	(22,360)	(22,783)	(23,215)	(23,765)	(24,329)	(24,908)	(25,500)	(26,108)	(26,730)
Net cash provided by/(used in) operating activities	132,376	109,661	157,311	134,898	147,157	141,198	166,728	163,629	170,158	160,727	169,882
Cash flows from investing activities											
Payments for property, infrastructure, plant and equipment	(170,943)	(205,040)	(206,780)	(179,686)	(142,300)	(135,382)	(138,067)	(162,295)	(184,738)	(150,809)	(138,481)
Proceeds from sale of property, infrastructure, plant and equipment	8,505	35,398	26,700	13,366	1,577	5,000	5,000	5,000	5,000	5,000	5,000
Net cash provided by/ (used in) investing activities	(162,438)	(169,642)	(180,080)	(166,320)	(140,723)	(130,382)	(133,067)	(157,295)	(179,738)	(145,809)	(133,481)
Cash flows from financing activities											
Finance costs	(2,915)	(3,876)	(5,183)	(5,891)	(6,319)	(6,656)	(6,468)	(6,069)	(6,229)	(5,894)	(4,210)
Proceeds from borrowings	45,000	82,298	50,039	42,553	36,774	35,452	6,200	25,248	46,776	25,192	8,700
Repayment of borrowings	(10,179)	(13,148)	(18,240)	(21,454)	(23,353)	(24,703)	(27,232)	(29,011)	(31,854)	(32,487)	(33,233)
Interest paid - lease liability	(146)	(55)	(11)	(6)	(2)	-	-	-	-	-	-
Repayment of lease liabilities	(2,822)	(2,441)	(210)	(150)	(142)	-	-	-	-	-	-
Net cash provided by/(used in) financing activities	28,938	62,778	26,396	15,052	6,957	4,093	(27,500)	(9,832)	8,693	(13,189)	(28,743)
Net increase/(decrease) in cash & cash equivalents	(1,124)	2,797	3,627	(16,369)	13,391	14,909	6,161	(3,498)	(887)	1,729	7,658
Cash and cash equivalents at the beginning of the financial year	103,369	102,245	105,042	108,669	92,300	105,691	120,600	126,761	123,263	122,376	124,105
Cash and cash equivalents at the end of the financial year	102,245	105,042	108,669	92,300	105,691	120,600	126,761	123,263	122,376	124,105	131,763

STATEMENT OF CAPITAL WORKS

	Forecast / Actual										
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property											
Buildings	53,605	69,387	57,888	13,461	10,635	11,018	14,919	28,321	37,554	21,656	25,009
Community facilities	5,432	10,590	43,170	34,266	30,269	19,160	2,663	4,797	13,080	15,772	5,253
Land	13,207	28,945	879	18,148	399	8,412	331	2,345	345	351	359
Total property	72,244	108,921	101,937	65,875	41,303	38,589	17,913	35,463	50,979	37,779	30,620
Plant and equipment											
Fleet	5,191	6,727	5,110	5,212	5,316	5,423	5,531	5,642	5,755	5,870	5,987
Minor plant and equipment	536	245	250	255	260	265	271	276	282	287	293
Computers and telecommunications	14,916	5,895	2,730	2,767	1,904	1,942	1,981	2,021	2,061	2,103	2,145
Total plant and equipment	20,643	12,867	8,091	8,234	7,481	7,631	7,783	7,939	8,098	8,260	8,425
Infrastructure											
Parks and leisure	28,139	31,379	42,171	18,770	23,136	39,677	44,696	52,537	65,007	30,860	20,169
Roads	33,154	23,264	30,328	29,463	25,836	27,548	33,297	31,267	27,396	27,842	27,004
Drainage	14,100	6,021	12,732	13,586	8,452	11,040	10,885	13,132	17,591	12,184	12,099
Footpaths and bikepaths	9,242	9,308	10,789	12,416	14,433	9,160	9,385	9,413	9,442	9,471	9,378
Kerb and channel	2,306	2,425	3,237	2,635	2,783	1,350	1,350	1,350	1,350	1,350	1,350
Waste management	1,381	1,152	638	6,651	4,414	4,927	5,690	10,704	718	733	747
Streetscapes	6,048	7,931	6,342	1,007	106	108	110	113	115	117	120
Other infrastructure	5,967	5,346	5,363	5,430	5,499	6,769	6,840	7,713	11,288	11,363	17,441
Total infrastructure	100,338	86,827	111,599	89,957	84,660	100,579	112,255	126,230	132,907	93,920	88,307
Total capital works expenditure (pre-carryover)	193,225	208,615	221,627	164,067	133,444	146,798	137,951	169,632	191,984	139,959	127,352
Carryover from prior year	-	22,282	25,856	40,703	25,084	16,229	27,645	27,529	34,866	42,112	31,263
Carryover to next year	(22,282)	(25,856)	(40,703)	(25,084)	(16,229)	(27,645)	(27,529)	(34,866)	(42,112)	(31,263)	(20,134)
Total capital works expenditure	170,943	205,041	206,780	179,686	142,300	135,382	138,067	162,295	184,738	150,808	138,481
Represented by:											
New asset expenditure	128,854	152,795	145,792	112,241	75,226	60,844	58,733	72,656	77,469	62,744	48,509
Asset renewal expenditure	34,427	40,009	43,756	55,114	55,708	61,487	63,641	65,110	72,622	80,737	82,112
Asset upgrade expenditure	7,662	12,236	17,231	12,331	11,367	13,051	15,693	24,529	34,647	7,328	7,859
Total capital works expenditure	170,943	205,040	206,780	179,686	142,300	135,382	138,067	162,295	184,738	150,809	138,481
Funding sources represented by:											
Grants	22,039	17,793	24,763	7,038	6,390	12,774	17,875	19,227	19,082	19,938	19,348
Contributions	34,471	29,412	37,311	27,440	37,826	24,338	37,981	28,612	30,368	13,534	18,824
Council cash	69,433	75,538	94,667	102,655	61,310	62,818	76,011	89,208	88,512	92,145	92,109
Borrowings	45,000	82,298	50,039	42,553	36,774	35,452	6,200	25,248	46,776	25,192	8,200
Total capital works expenditure	170,943	205,040	206,780	179,686	142,300	135,382	138,067	162,295	184,738	150,809	138,481

STATEMENT OF HUMAN RESOURCES

Staff expenditure	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	2028-29 \$'000	2029-30 \$'000	2030-31 \$'000
Total staff expenditure										
Male	64,654	66,887	68,947	72,318	78,395	84,650	89,334	92,555	98,068	103,510
Female	86,825	88,372	90,428	94,790	98,473	101,393	106,422	113,507	118,491	123,577
Self-described gender	-	-	207	453	780	932	1,256	1,444	2,040	2,206
Casual & other staff	41,645	39,106	41,940	43,178	43,619	44,825	46,288	47,825	49,320	50,616
Total staff expenditure	193,124	194,365	201,523	210,739	221,266	231,800	243,300	255,331	267,918	279,909
Permanent full time										
Male	58,580	59,830	61,576	64,504	66,264	69,765	71,930	74,412	76,492	80,347
Female	47,572	49,013	50,445	52,947	57,976	61,040	65,777	70,850	76,281	80,125
Self-described gender	-	-	112	353	622	654	964	1,017	1,528	1,605
Total	106,152	108,843	112,133	117,804	124,862	131,460	138,671	146,279	154,301	162,077
Permanent part time										
Male	6,074	7,058	7,371	7,814	12,131	14,885	17,405	18,143	21,575	23,163
Female	39,253	39,358	39,983	41,843	40,496	40,353	40,644	42,657	42,210	43,452
Self-described gender	-	-	95	100	159	277	291	427	512	601
Total	45,327	46,416	47,449	49,757	52,786	55,515	58,340	61,226	64,297	67,216
Casuals, temporary & agency staff	32,085	32,027	34,655	35,667	35,866	36,561	37,743	38,989	40,183	41,207
Capitalised labour	9,560	7,078	7,285	7,511	7,753	8,265	8,546	8,836	9,137	9,409
Total staff expenditure	193,124	194,365	201,523	210,739	221,266	231,800	243,300	255,331	267,918	279,909

Staff numbers	2021-22 FTE	2022-23 FTE	2023-24 FTE	2024-25 FTE	2025-26 FTE	2026-27 FTE	2027-28 FTE	2028-29 FTE	2029-30 FTE	2030-31 FTE
Total staff numbers										
Male	623.3	627.2	628.2	639.1	670.6	701.7	716.4	717.8	735.8	754.2
Female	839.5	830.8	825.8	839.5	842.4	839.8	851.8	878.4	886.0	897.1
Self-described gender	-	-	1.9	4.0	6.6	7.7	10.0	11.2	15.2	16.0
Casual & other staff	395.0	362.5	377.5	377.5	368.2	366.6	365.6	365.4	364.7	363.4
Total staff numbers	1,857.8	1,820.5	1,833.4	1,860.1	1,887.8	1,915.8	1,943.8	1,972.8	2,001.7	2,030.7
Permanent full time										
Male	564.0	560.2	560.2	569.2	565.6	576.9	575.2	575.5	572.1	583.6
Female	450.1	451.0	451.0	459.1	486.3	496.0	516.9	538.5	560.7	571.9
Self-described gender	-	-	1.0	3.1	5.3	5.4	7.6	7.8	11.3	11.6
Total	1,014.1	1,011.3	1,012.2	1,031.4	1,057.1	1,078.3	1,099.8	1,121.8	1,144.2	1,167.1
Permanent part time										
Male	59.3	67.0	68.0	69.9	105.0	124.8	141.1	142.3	163.6	170.6
Female	389.4	379.7	374.8	380.4	356.1	343.8	334.9	339.9	325.3	325.2
Self-described gender	-	-	0.9	0.9	1.4	2.3	2.4	3.4	3.9	4.5
Total	448.7	446.8	443.7	451.2	462.5	471.0	478.4	485.6	492.9	500.3
Casuals, temporary & agency staff	310.2	301.4	316.4	316.4	307.2	303.6	302.6	302.4	301.7	300.4
Capitalised labour	84.9	61.1	61.1	61.1	61.0	63.0	63.0	63.0	63.0	63.0
Total staff numbers	1,857.8	1,820.5	1,833.4	1,860.1	1,887.8	1,915.8	1,943.8	1,972.8	2,001.7	2,030.7

STATEMENT OF HUMAN RESOURCES CON'T

Department	Permanent Full Time 2021-22				Permanent Part Time 2021-22			
	Male	Female	Self-described	Total	Male	Female	Self-described	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive	1,018	3,166	-	4,184	125	860		985
Strategy, People and Performance	2,228	4,631		6,859	147	817		964
Customer & Corporate Services	5,054	6,841		11,895	456	2,701		3,157
City Services	32,249	4,395		36,644	300	1,128		1,428
Community Life	5,454	20,035		25,489	3,567	27,937		31,504
City Planning and Economy	10,790	10,291		21,081	1,479	5,810		7,289
Total permanent staff expenditure	56,793	49,359	-	106,152	6,074	39,253	-	45,327
Casuals, temporary & agency staff				32,085				
Capitalised labour costs				9,560				
Total staff	56,793	49,359	-	147,797	6,074	39,253	-	45,327

Department	Permanent Full Time 2021-22				Permanent Part Time 2021-22			
	Male	Female	Self-described	Total	Male	Female	Self-described	Total
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Chief Executive	7.3	22.8		30.1	0.9	6.2		7.1
Strategy, People and Performance	15.5	32.2		47.7	1.0	5.7		6.7
Customer & Corporate Services	58.0	43.0		101.0	3.9	22.9		26.8
City Services	325.5	44.4		369.9	2.9	11.0		13.9
Community Life	57.9	212.6		270.5	37.1	290.5		327.6
City Planning and Economy	99.8	95.1		194.9	13.5	53.1		66.6
Total permanent staff expenditure	564.0	450.1	-	1,014.1	59.3	389.4	-	448.7
Casuals, temporary & agency staff				310.2				
Capitalised labour costs				84.9				
Total staff	564.0	450.1	-	1,409.2	59.3	389.4	-	448.7

Appendix 2: Financial Performance Indicators

The following table highlights the City's projected performance across a range of key financial performance indicators. These indicators provide an analysis of our ten year financial projections and should be interpreted in the context of the organisation's objectives and financial management principles.

Indicator	Measure	Notes	Forecast Actual												Trend
			2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	+/-o/-	
Operating position															
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-1.02%	2.33%	3.67%	0.49%	0.27%	0.73%	0.63%	0.83%	0.47%	0.72%	0.66%	-	
Liquidity															
Working Capital	Current assets / current liabilities	2	107.82%	123.07%	121.56%	101.27%	109.67%	117.22%	117.35%	108.94%	104.66%	102.66%	105.32%	o	
Unrestricted cash	Unrestricted cash / current liabilities	3	61.35%	71.49%	71.23%	51.85%	60.66%	68.99%	69.66%	62.01%	57.72%	55.62%	58.09%	o	
Obligations															
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	46.08%	69.54%	77.15%	80.18%	80.59%	79.74%	69.74%	65.29%	66.05%	61.08%	52.36%	+	
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		5.14%	6.34%	8.27%	9.16%	9.46%	9.48%	9.69%	9.59%	9.91%	9.51%	8.83%	-	
Indebtedness	Non-current liabilities / own source revenue		37.18%	51.42%	56.62%	59.32%	58.54%	56.93%	49.18%	45.47%	46.31%	42.64%	39.56%	+	
Asset sustainability	Asset renewal / Asset depreciation		46.86%	51.87%	53.30%	63.93%	61.54%	64.69%	63.77%	62.14%	66.01%	69.89%	67.69%	+	
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	5	57.29%	66.72%	74.28%	78.24%	74.10%	78.43%	79.50%	85.55%	97.50%	76.23%	74.17%	+	
Stability															
Rates concentration	Rate revenue / adjusted underlying revenue	6	65.42%	60.24%	61.25%	64.14%	66.49%	66.38%	66.86%	67.34%	67.87%	68.42%	68.88%	-	
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.34%	0.34%	0.34%	0.34%	o	
Efficiency															
Expenditure level	Total expenses/ no. of property assessments		\$3,089	\$3,181	\$3,172	\$3,239	\$3,310	\$3,389	\$3,477	\$3,555	\$3,652	\$3,730	\$3,825	+	
Revenue level	Total rate revenue / no. of property assessments		\$1,671	\$1,730	\$1,824	\$1,861	\$1,900	\$1,939	\$1,980	\$2,021	\$2,063	\$2,106	\$2,149	+	

Key to Forecast Trend:

- + Forecasts improvement in the organisation's financial performance/financial position indicator
- o Forecasts that the organisations financial performance/financial position indicator will be steady
- Forecasts deterioration in the organisation's financial performance/financial position indicator

Notes to indicators:**1. Adjusted underlying result**

Adjusted underlying results represents the operating result of the organisation, removing the impact of non-recurrent grants used to fund the capital expenditure, non-monetary asset contributions and contributions to fund capital expenditure from developers. The result is remaining stable over the life of the Plan.

2. Working Capital

Over the life of the plan, current assets are maintained at levels to meet short term liabilities. Working capital remain stable over the ten years of the plan.

3. Unrestricted Cash

Represents all cash and cash equivalents other than cash held for specific purposes. Unrestricted cash as a proportion of current liabilities is declining over the 10 years of the plan as debt increases to fund capital projects.

4. Debt compared to rates

Debt levels are increasing over the duration of the plan ratio to rates increasing. Debt levels are maintained within approved benchmarks.

5. Asset renewal

Investment in renewing and upgrading existing assets occurs over the plan.

6. Rates concentration

Rate concentration as a proportion of the adjusted underlying result is increasing over the life of the plan as rates increase, whilst contributions and grants remain relatively stable.

Adjusted Underlying Result

	Forecast / Actual										
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Income	515,184	549,642	597,507	575,577	605,889	620,170	671,570	686,214	712,852	722,205	753,860
Total expenses	389,285	418,144	429,993	450,279	471,811	492,902	515,925	538,320	564,232	587,937	615,059
Surplus/(deficit) for the year	125,899	131,498	167,514	125,298	134,077	127,267	155,645	147,894	148,620	134,268	138,801
Less non-operating income and expenses											
Grants - Capital (non-recurrent)	(22,039)	(17,793)	(24,763)	(7,038)	(6,390)	(10,596)	(15,653)	(15,961)	(16,770)	(17,581)	(16,942)
Contributions - monetary (capital)	(34,471)	(29,412)	(37,311)	(27,440)	(37,826)	(24,395)	(38,039)	(28,671)	(30,428)	(13,595)	(18,886)
Contributions - non-monetary	(80,000)	(80,000)	(90,000)	(90,000)	(90,000)	(90,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Adjusted underlying surplus/(deficit)	(10,611)	4,293	15,440	820	(139)	2,277	1,953	3,262	1,422	3,093	2,973

Appendix 3: Strategies and Plans

BORROWING STRATEGY

The total value of the debt as at 30 June 2021 is \$117.4 million.

Debt is expected to increase to \$222.9 million by the end of the plan. Borrowings are used to support the cash requirements of major capital projects. Borrowings are utilised in accordance with the City's borrowing policy and are maintained within prescribed indebtedness targets of being below 60 per cent.

	Forecast / Actual										
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	82,608	117,429	186,579	218,378	239,477	252,898	248,862	242,400	233,803	224,144	224,783
Plus: New loans	45,000	82,298	50,039	42,553	36,774	20,000	20,000	20,000	20,397	29,029	25,709
Less Principal repayment	(10,179)	(13,148)	(18,240)	(21,454)	(23,353)	(24,035)	(26,462)	(28,597)	(30,057)	(28,389)	(27,530)
Closing balance	117,429	186,579	218,378	239,477	252,898	248,862	242,400	233,803	224,144	224,783	222,963
Interest payment	2,915	3,876	5,183	5,891	6,319	6,426	6,244	5,987	5,693	5,038	3,446

Indicator	Target	Forecast /Actual										
		2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Indebtedness / Own source revenue	Below 60%	37.18%	51.42%	56.70%	59.57%	59.07%	54.44%	50.30%	46.08%	42.56%	41.15%	39.56%
Total borrowings / Rate revenue	Below 80%	46.08%	69.54%	77.15%	80.18%	80.59%	75.84%	70.63%	65.13%	59.68%	57.20%	54.22%
Debt servicing / Rate revenue	Below 5%	1.13%	1.44%	1.82%	1.96%	2.00%	1.95%	1.81%	1.66%	1.51%	1.27%	0.83%
Debt commitment / Rate revenue	Below 10%	5.06%	6.34%	8.22%	9.09%	9.39%	9.22%	9.47%	9.57%	9.46%	8.46%	7.49%

RESERVES STRATEGY

Statutory Reserves

The City maintains three statutory reserves (Public Open Space, Car Parking and Main Drainage) to record funds collected from developers under the *Planning and Environmental Act* and the *Local Government Act*. Council identities, as part of the budget process, capital works relevant to these reserves and records the capital expenditure as settlement of the obligations created in collecting the levies.

Public Open Space Reserve: The City has authority under section 18 of the *Subdivision Act 1988* to receive up to 5% of the value of the subdivision in either land or cash contributions, where the requirement for open space has not been specified in the planning scheme.

Car Parking Reserve: The car parking reserve records the value of the City's future obligations under the *Planning and Environment Act* to do works to create or improve car parking within the municipality.

Main Drainage: The Main Drainage Reserve records the amount of the City's future obligations under the *Planning and Environment Act*, to do works to create or improve main drainage and other infrastructure within the municipality.

Development Contributions Reserve

The City is authorised under part 3B of the *Planning and Environment Act 1987* to levy contributions for the provision of works, services and facilities specified in a development contribution plan. Developer contribution plans are the mechanism to collect funds for future development related infrastructure projects.

Funds are collected for two types of levies:

- **Development Infrastructure Fund (DIL):** for example: roads, traffic lights, drainage, active open spaces, community centres
- **Community Infrastructure Fund (CIL):** for example: libraries, civic and cultural spaces, community infrastructure levies,

Transfers from the reserve are for identified capital works programs that deliver specific DIL and CIL projects.

Water Quality Reserve

Prior to 1 July 2020, the City received contributions to fund Water Sensitive Urban Design (WSUD) drainage projects.

Deferred Works Reserve

The Deferred Works Reserve is a record our future commitments for completion of capital works approved in prior years. The funds have been withheld from Councils' declared accumulated surplus but are not necessarily held within the organisation in a separate bank account or cash backed.

		Forecast										
Reserves	Restricted / Discretionary	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Public Open Space Reserve	Restricted											
Opening balance		2,123	3,823	3,823	3,823	3,823	3,823	3,823	3,823	3,823	3,823	3,823
Transfer to reserve		1,700	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Transfer from reserve		-	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Closing balance		3,823	3,823	3,823	3,823	3,823	3,823	3,823	3,823	3,823	3,823	3,823
Development Contributions Reserve	Restricted											
Opening balance		(1,223)	6,803	10,971	12,830	13,576	10,297	13,618	12,718	11,844	5,259	5,259
Transfer to reserve		7,580	22,370	28,615	22,197	30,855	26,491	32,135	27,654	25,498	9,698	-
Transfer from reserve		446	(18,202)	(26,757)	(21,451)	(34,134)	(23,170)	(33,035)	(28,527)	(32,084)	(9,698)	(1)
Closing balance		6,803	10,971	12,830	13,576	10,297	13,618	12,718	11,844	5,259	5,259	5,258
Carparking Reserve	Restricted											
Opening balance		200	200	200	200	200	200	200	200	200	200	200
Transfer to reserve		-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve		-	-	-	-	-	-	-	-	-	-	-
Closing balance		200	200	200	200	200	200	200	200	200	200	200
Water Quality Levy Reserve	Restricted											
Opening balance		2,697	2,697	2,697	2,697	2,697	2,697	2,697	2,697	2,697	2,697	2,697
Transfer to reserve		-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve		-	-	-	-	-	-	-	-	-	-	-
Closing balance		2,697	2,697	2,697	2,697	2,697	2,697	2,697	2,697	2,697	2,697	2,697

		Forecast										
Reserves	Restricted / Discretionary	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Reserves Summary	Total Restricted											
Opening balance		3,797	13,523	17,691	19,550	20,296	17,017	20,338	19,438	18,564	11,979	11,979
Transfer to reserve		9,280	23,370	29,615	23,197	31,855	27,491	33,135	28,654	26,498	10,698	1,000
Transfer from reserve		446	(19,202)	(27,757)	(22,451)	(35,134)	(24,170)	(34,035)	(29,527)	(33,084)	(10,698)	(1,001)
Closing balance		13,523	17,691	19,550	20,296	17,017	20,338	19,438	18,564	11,979	11,979	11,978
Deferred Works Reserve	Discretionary											
Opening balance		28,306	22,282	19,832	34,679	19,060	10,205	21,621	21,505	28,842	36,088	25,239
Transfer to reserve		22,282	25,856	40,703	25,084	16,229	27,645	27,529	34,866	42,112	31,263	20,134
Transfer from reserve		(28,306)	(28,306)	(25,856)	(40,703)	(25,084)	(16,229)	(27,645)	(27,529)	(34,866)	(42,112)	(31,263)
Closing balance		22,282	19,832	34,679	19,060	10,205	21,621	21,505	28,842	36,088	25,239	14,110
Restructure Reserve	Discretionary											
Opening balance		486	486	486	486	486	486	486	486	486	486	486
Transfer to reserve		-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve		-	-	-	-	-	-	-	-	-	-	-
Closing balance		486	486	486	486	486	486	486	486	486	486	486
Reserves Summary	Total Discretionary											
Opening balance		28,792	22,768	20,318	35,165	19,546	10,691	22,107	21,991	29,328	36,574	25,725
Transfer to reserve		22,282	25,856	40,703	25,084	16,229	27,645	27,529	34,866	42,112	31,263	20,134
Transfer from reserve		(28,306)	(28,306)	(25,856)	(40,703)	(25,084)	(16,229)	(27,645)	(27,529)	(34,866)	(42,112)	(31,263)
Closing balance		22,768	20,318	35,165	19,546	10,691	22,107	21,991	29,328	36,574	25,725	14,596

		Forecast										
Reserves	Restricted / Discretionary	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Reserves Summary	Restricted & Discretionary											
Opening balance		32,589	36,291	38,009	54,715	39,842	27,708	42,445	41,429	47,893	48,553	37,704
Transfer to reserve		31,562	49,226	70,318	48,281	48,084	55,136	60,664	63,520	68,611	41,961	21,134
Transfer from reserve		(27,860)	(47,508)	(53,613)	(63,154)	(60,218)	(40,399)	(61,680)	(57,056)	(67,950)	(52,810)	(32,264)
Closing balance		36,291	38,009	54,715	39,842	27,708	42,445	41,429	47,893	48,553	37,704	26,574

Contact Us

This document contains important information about the City of Greater Geelong. Please contact us if you have any questions or would like to request a paper copy of the report. Customer Service 03 5272 5272.

CITY OF GREATER GEELONG

WADAWURRUNG COUNTRY
PO Box 104, Geelong VIC 3220
P: 5272 5272
E: contactus@geelongcity.vic.gov.au
www.geelongaustralia.com.au

CUSTOMER SERVICE CENTRE

100 Brougham Street
Geelong VIC 3220
8.00am – 5.00pm

LATEST NEWS:

-  [@CityofGreaterGeelong](#)
-  [@GreaterGeelong](#)
-  [@CityofGreaterGeelong](#)
-  [CityofGreaterGeelong](#)

3. CLOSE OF MEETING

As there was no further business the meeting closed at 6.36pm on Tuesday 14 September 2021.

Signed: _____

Cr Trent Sullivan (Deputy Mayor)

Date: _____