

MINUTES

COUNCIL MEETING

Wednesday 12 October 2022
5:30 pm

City Hall
57 Little Malop Street, Geelong 3220

LIVE STREAMED ON THE CITY'S WEBSITE:

www.geelongaustralia.com.au/meetings

COUNCIL:

Cr P Murrihy (Brownbill Ward) - Mayor
Cr T Sullivan (Bellarine Ward) - Deputy Mayor
Cr S Asher (Bellarine Ward)
Cr J Mason (Bellarine Ward)
Cr E Kontelj (Brownbill Ward)
Cr S Mansfield (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)

1. PROCEDURAL MATTERS.....	3
1.1. Acknowledgement of Country	3
1.2. Apologies	3
1.3. Leaves of Absence	3
1.4. Declarations of Conflicts of Interest	3
2. REPORTS	4
2.1. Preparation of the 2021-2022 Annual Report - Draft Financial Statements and Draft Performance Statement	4

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

Also Present: K Phyland (Acting Chief Executive Officer), S McKew (Manager Governance)

Opening: The Mayor declared the meeting open at 5.42pm

1. PROCEDURAL MATTERS

1.1. Acknowledgement of Country

Council acknowledges the Wadawurrung People as the Traditional Owners of the Land, Waterways and Skies. We pay our respects to their Elders, past and present. We acknowledge all Aboriginal and Torres Strait Islander people who are part of our Greater Geelong community today.

Acknowledgement of the 20th Anniversary of the Bali Bombings

Cr Murrihy on behalf of Council acknowledged the 20th anniversary of the Bali bombings and paid his respects to the 202 people killed, including 88 Australians in the tourist district of Kuta on the Indonesian island of Bali on 12 October 2002.

1.2. Apologies

Cr E Kontelj

1.3. Leaves of Absence

Nil

1.4. Declarations of Conflicts of Interest

Nil

2. REPORTS

2.1. Preparation of the 2021-2022 Annual Report - Draft Financial Statements and Draft Performance Statement

Source: Customer & Corporate Services
Acting Director: Bryce Prosser

Purpose

1. To approve in principle the draft annual financial statements (**Attachment 1**) and the draft performance statement (**Attachment 2**) for the Annual Financial Report 2021-2022.
2. To authorise two Councillors to certify the finalised statements.

Background

3. Section 98(1) of the *Local Government Act 2020* (the Act) requires Council to prepare an annual report in respect of each financial year.
4. In preparation of the Annual Report, Section 99(2) of the Act requires Council to approve in principle the financial statements and performance statement prior to audit by the City's nominated auditor, the Victorian Auditor-General's Office (VAGO).

Key Matters

5. The 2021-2022 draft financial statements and performance statement (the statements) have been prepared by the City and preliminarily reviewed by VAGO.
6. The statements were prepared in accordance with the Act, the *Local Government (Planning and Reporting) Regulations 2020* (the Regulations) and Australian Accounting Standards.
7. The City's Audit and Risk Committee (ARC) as per section 4.1 of the ARC Charter have reviewed the statements at the 5 October 2022 meeting and recommends that Council 'approve in principle' these statements subject to the completion of all audit procedures and the following:
 - 7.1. That VAGO complete further audit work to confirm accuracy of infrastructure assets revaluation (in particular of concrete footpath assets) and note that VAGO has indicated that it is unlikely to give rise to any material change.
8. The ARC would like to acknowledge the work done by the Acting Chief Financial Officer and Coordinator Financial Reporting and other Officers involved in the completion of the Financial Report and Performance Statement for the year ended 30 June 2022 despite very challenging and difficult circumstances.
9. Following the ARC Meeting held on 5 October 2022 VAGO have completed their further audit work on the accuracy of infrastructure assets revaluation and concluded that the statements are presented fairly and that VAGO has given in principle clearance of the statements.

10. Any changes recommended or agreed by VAGO must be certified by the Chief Executive Officer, the Principal Accounting Officer and the two Councillors authorised by Council (refer section 99(3) of the Act).

RESOLUTION - Item 2.1

Cr Aitken moved, Cr Harwood seconded -

That Council:

1. In accordance with section 99(2) of the *Local Government Act 2020* approves in principle the draft annual financial statements (Attachment 1) and the draft performance statement (Attachment 2) (the Statements) for the 2021-22 Annual Report and authorises the Principal Accounting Officer to forward them to the Victorian Auditor-General's Office for auditing;
2. Authorise the Principal Accounting Officer to make changes to the Statements as determined by the Victorian Auditor-General's Office, subject to the following conditions in respect of any material variations:
 1. the Chair of the Audit and Risk Committee must be consulted prior to making any amendments to the Statements; and
 2. any material changes must be communicated to Council as soon as possible.
3. Pursuant to section 99(3) of the *Local Government Act 2020* authorises the Mayor Cr Murrihy, Cr Sullivan and the Acting Chief Executive Officer to certify the final Financial Statements and Performance Statement in accordance with regulation 13 of the *Local Government (Planning and Reporting) Regulations 2020*.

Carried

Financial Sustainability

11. The attached draft financial statements outline Council's financial sustainability performance for the year ending 30 June 2022.

Community Engagement

12. The 2021-22 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.
13. 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

14. There are no social equity or sustainability implications associated with this report.

Relevant Law/Policy/Legal Implications

15. The contents of this report have been prepared in accordance with section 98 and 99 of the Act and as prescribed by the *Local Government (Planning and Reporting) Regulations 2020* (the Regulations) and in accordance with Australian Accounting Standards.

Alignment to Community Plan and Vision

16. This report aligns with Our Community Plan 2021-2025 strategic priority: High-performing council and organisation.

Conflict of Interest

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

Risk Assessment

18. The 2021-22 draft financial statements are subject to sign off by the Auditor-General.
19. The ARC will be presented with a signed copy of the Annual Report, including the audited statements.

Environmental Sustainability

20. There are no environmental sustainability implications associated with this report.

Attachments

1. Total Comprehensive Result 2021 22 [2.1.1 - 4 pages]
2. Greater Geelong City Council Annual Financial Report June 2022 [2.1.2 - 61 pages]
3. Performance Statement 2021 22 [2.1.3 - 16 pages]
4. Management Representation Letter to VAGO [2.1.4 - 7 pages]
5. Management Representation Letter to Council [2.1.5 - 8 pages]

1. TOTAL COMPREHENSIVE RESULT

The \$141.4 million surplus result was (\$13.9 million) favourable to adopted budget and included the following favourable and unfavourable income and expenditure items (refer Note 2.1 – Attachment 2).

Main variances are as follows:

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %
Income				
Rates and charges	268,323	274,660	6,337	2%
Statutory fees and fines	14,398	13,743	(655)	-5%
User fees	63,834	54,599	(9,235)	-14%
Grants - operating	62,275	76,331	14,056	23%
Grants - capital	17,794	20,527	2,733	15%
Contributions - monetary	29,360	43,086	13,726	47%
Contributions - non monetary	80,000	79,321	(679)	-1%
Net gain on disposal of property, infrastructure, plant and equipment	12,382	-	(12,382)	-100%
Share of net profits of associates and joint ventures	-	-	-	0%
Other income	1,277	4,707	3,430	269%
Total income	549,642	566,972	17,330	3%
Expenses				
Employee costs	183,563	176,299	7,265	4%
Materials and services	122,668	136,466	(13,798)	-11%
Depreciation	73,254	70,190	3,064	4%
Amortisation - intangible assets	387	387	-	0%
Amortisation - right of use assets	2,647	2,725	(78)	-3%
Bad and doubtful debts	1,255	769	486	39%
Borrowing costs	3,876	2,866	1,010	26%
Finance costs - leases	56	60	(5)	-9%
Net loss on disposal of property, infrastructure, plant and equipment	-	3,579	(3,579)	
Share of net losses of associates and joint ventures	-	208	(208)	0%
Other expenses	30,440	31,996	(1,557)	-5%
Total expenses	418,144	425,545	(7,400)	-2%
Surplus/(deficit) for the year	131,497	141,427	9,930	8%

2. VARIANCE EXPLANATION:

- 2.1 *Grants Operating* - 75% 2022-23 Financial Assistance Grants received in advance was higher than assumed budget assumptions \$7.2 million. Higher funding for Commonwealth Home Support Program \$2.8 million and Long Day Care \$0.9 million.
- 2.2 *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 include Armstrong Creek West

\$8.7 million, Trethowen Avenue \$1.3 million, Armstrong Creek Southern Precinct \$0.6 million and open space \$2.9 million.

- 2.3 *User fees* - Closure of leisure centres and outdoor pools \$7.3 million, reduced parking utilisation and free parking initiatives \$3.1 million.
- 2.4 *Bad and doubtful debts* - Less than budgeted provisions required for external services, with parking infringements material favourable variance. Favourable settlement of historical debt.
- 2.5 Borrowing costs - Deferral of budgeted borrowings has resulted in these costs being less than budgeted

3. BALANCE SHEET:

- 3.1 The balance sheet shows that Council has a very strong asset position with over \$4.2 billion worth of assets that are used to provide services to the community.
- 3.2 Desktop revaluations were undertaken on land, building and most of the infrastructure assets. This revaluation has resulted in an increase in asset value of \$852.9 million.
- 3.3 Revaluation changes were largely driven by improved data quality and validation on the condition of the assets and remaining useful lives. Where appropriate unit rate changes were made to reflect current conditions. External valuers were utilised to undertake the review of Council land assets.

	Revaluation Movement (\$ million)	Revaluation Movement %
Land	219.3	28%
Buildings	32.3	7%
Roads	127.0	20%
Paths	264.4	172%
Drainage	101.0	20%
Kerb & Channel	105.3	90%
Other - Roads	3.7	8%
	852.9	30%

- 3.4 Current liabilities are \$132.1 million which is predominately leave provisions, trade payables trust funds and deposits and non-current liabilities are \$145.3 million which has increased due to the drawing down of over \$32 million of loans in 2020-21.
- 3.5 Total loan balance has increased from \$140.1 million to \$117.1 million. New loans were drawn down during the financial period to fund the Civic precinct building and LED streetlighting project.

4. STATEMENT OF CASH FLOWS:

- 4.1 Council's cash position at the end of the year is \$145.6 million, which is a slight increase from the opening balance.

- 4.2 The cash balance will provide funds to complete capital and non-capital projects carried over from 2021-2022 and working capital to ensure service provision continues at the same levels in 2022-2023.

5. STATEMENT OF CAPITAL WORKS:

- 5.1 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 \$195.7 million on capital works in 2021-2022 and included the following highlights:

	Actual \$m
Land	12.8
Civic Accommodation building	71.6
Plant and equipment	10.6
Roads	24.8
Paths	9.9
Northern Aquatic and Community Hub	5.2
Leisurelink Pool replacement	6.8
Northern Bellarine Aquatic Centre	2.5
Hume Reserve Pavilion redevelopment	2.5
Elcho Channel drainage	4.9
LED streetlighting and smart control	3.6
Drysdale Library	2.4
Armstrong Creek West Community Hub	4.2

6. PERFORMANCE STATEMENT AS AT 30 JUNE 2022:

- 6.1 Council is required to prepare and include a performance statement (refer attached) 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 Act and *Local Government (Planning and Reporting) Regulations 2014*.
- 6.2 Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g., Australian Bureau of Statistics).
- 6.3 The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's 4-year budget. The forecast figures included in the performance statement are those adopted by Council 4-year budget on 28 June 2022 and which forms part of the Council plan.
- 6.4 The Performance Statement results, and the Service Performance Indicators prescribed under the Local Government Performance Reporting Framework will be reported on the 'Know Your Council' website (www.knowyourcouncil.vic.gov.au).
- 6.5 In accordance with the requirements of the Act the nominated Principal Accounting Officer of Council, two Councillors and the Acting Chief Executive Officer are required to sign the Performance Statement.

7. AUDIT

- 7.1 The external audit, conducted by the Victorian Auditor General's Office (VAGO), was completed in early October. A closing report summarising the Audit findings and a Final Management Letter has been reviewed by the Audit & Risk Committee.

GREATER GEELONG CITY COUNCIL

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Table of Contents		Page
Financial Report		
	Certification of the Financial Statements	1
	Victorian Auditor General's Office Audit Report	3
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
Notes to the Financial Statements		
Note 1	Overview	9
Note 2	Performance against budget	11
	2.1.1 Income and Expenditure	11
	2.1.2 Capital Works	13
Note 3	Funding for the delivery of services	16
	3.1 Rates and charges	16
	3.2 Statutory fees and fines	16
	3.3 User fees	17
	3.4 Funding from other levels of government	17
	3.5 Contributions	20
	3.6 Net gain/(loss) on disposal of property plant and equipment	20
	3.7 Other Income	20
Note 4	The cost of delivering services	21
	4.1 Employee Costs	21
	4.2 Materials and Services	21
	4.3 Depreciation	22
	4.4 Amortisation – Intangible assets	22
	4.5 Amortisation – Right of use assets	22
	4.6 Bad and doubtful debts	22
	4.7 Finance Costs	23
	4.8 Other Expenses	23
Note 5	Financial Position	24
	5.1 Financial assets	24
	5.2 Non-financial assets	26
	5.3 Payables, trust funds and deposits and unearned income	27
	5.4 Interest bearing liabilities	28
	5.5 Provisions	29
	5.6 Financing arrangements	31
	5.7 Commitments	32
	5.8 Leases	33
Note 6	Assets we manage	36
	6.1 Non-current assets classified as held for sale	36
	6.2 Property, infrastructure plant and equipment	37
	6.3 Investments in associates, joint arrangements and subsidiaries	45
Note 7	People and relations	46
	7.1 Council and key management remuneration	46
	7.2 Related party disclosures	48

Table of Contents continued		Page
Notes to the Financial Statements continued		
Note 8	Managing uncertainties	49
	8.1 Contingent assets and liabilities	49
	8.2 Change in accounting standards	49
	8.3 Financial instruments	50
	8.4 Fair value measurement	51
	8.5 Events occurring after balance date	52
Note 9	Other matters	53
	9.1 Revenues	53
	9.2 Reconciliation of cash flows from operating activities	55
	9.3 Superannuation	55
Note 10	Change in accounting policy	58

Certification of the Financial Statements

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

Narelle O'Shea CPA
Principal Accounting Officer

Date: 12 October 2022
Geelong

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

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

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

Cr P Murrihy
Councillor

Date: 12 October 2022
Geelong

CR T Sullivan
Councillor

Date: 12 October 2022
Geelong

Kaarina Phyland
Acting Chief Executive Officer

Date: 12 October 2022
Geelong

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Comprehensive Income Statement For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Rates and charges	3.1	274,660	257,691
Statutory fees and fines	3.2	13,743	12,504
User fees	3.3	54,599	45,697
Grants - operating	3.4(a)	76,331	68,867
Grants - capital	3.4(b)	20,527	21,485
Contributions - monetary	3.5	43,086	33,761
Contributions – non-monetary	3.5	79,321	98,699
Other income	3.7	4,707	1,341
Total income		566,973	540,045
Expenses			
Employee costs	4.1(a)	176,299	171,830
Materials and services	4.2	136,466	118,038
Depreciation	4.3	70,190	68,281
Amortisation - intangible assets	4.4	387	387
Amortisation - right of use assets	4.5	2,725	3,201
Bad and doubtful debts	4.6	769	1,741
Borrowing costs	4.7	2,866	2,993
Finance costs - leases	4.8	60	147
Other expenses	4.9	31,996	30,802
Net loss on disposal of property, infrastructure, plant and equipment	3.6	3,579	995
Share of net losses of associates and joint ventures	6.3	208	74
Total expenses		425,545	398,489
Surplus/(deficit) for the year		141,428	141,556
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	9.1(a)	852,871	208,718
Total other comprehensive income		852,871	208,718
Total comprehensive result		994,299	350,274

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

Balance Sheet
As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	100,455	66,913
Trade and other receivables	5.1(d)	22,713	16,251
Other financial assets	5.1(b)	45,151	77,092
Inventories	5.2(a)	1,706	1,092
Non-current assets classified as held for sale	6.1	19,827	-
Other assets	5.2(b)	5,776	4,233
Total current assets		195,627	165,581
Non-current assets			
Trade and other receivables	5.1(d)	11,478	15,317
Intangible assets	5.2(c)	2,063	2,450
Investments in associates, joint arrangements and subsidiaries	6.3(a)	9,119	9,327
Right-of-use assets	5.8	1,038	3,230
Property, infrastructure, plant and equipment	6.2	4,163,968	3,158,783
Total non-current assets		4,187,665	3,189,107
Total assets		4,383,292	3,354,688
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	41,357	36,647
Trust funds and deposits	5.3(b)	12,540	12,800
Unearned income/revenue	5.3(c)	25,029	15,578
Provisions	5.5	38,789	38,164
Interest-bearing liabilities	5.4	14,062	12,006
Lease liabilities	5.8	369	2,835
Total current liabilities		132,146	118,030
Non-current liabilities			
Provisions	5.5	18,645	19,557
Interest-bearing liabilities	5.4	126,030	105,062
Lease liabilities	5.8	692	558
Total non-current liabilities		145,367	125,176
Total liabilities		277,513	243,206
Net assets		4,105,779	3,111,481
Equity			
Accumulated surplus		1,748,477	1,652,273
Reserves	9.1	2,357,303	1,459,208
Total Equity		4,105,779	3,111,481

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

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

		Total	Accumulated	Revaluation	Other	Total
		\$'000	Surplus	Reserve	Reserves	Reserves
2022	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		3,111,481	1,652,273	1,396,298	62,910	1,459,208
Surplus/(deficit) for the year		141,428	141,428	-	-	-
Net asset revaluation increment/ (decrement)	9.1(a)	852,871	-	852,871	-	852,871
Transfers to other reserves	9.1(b)	-	(56,746)	-	56,746	56,746
Transfers from other reserves	9.1(b)	-	11,522	-	(11,522)	(11,522)
Balance at end of the financial year		4,105,780	1,748,477	2,249,168	108,134	2,357,303

		Total	Accumulated	Revaluation	Other	Total
		\$'000	Surplus	Reserve	Reserves	Reserves
2021	Note	\$'000	\$'000	\$'000	\$'000	\$'000
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

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

Statement of Cash Flows For the Year Ended 30 June 2022

		2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		268,309	245,240
Statutory fees and fines		14,771	13,233
User fees		40,946	39,671
Grants - operating		83,739	78,406
Grants - capital		46,225	31,125
Contributions - monetary		43,086	33,803
Interest received		688	567
Trust funds and deposits taken		5,032	5,710
Net GST refund/payment		23,286	22,370
Employee costs		(177,319)	(164,639)
Materials and services		(174,433)	(173,335)
Short-term, low value and variable lease payments		(2,035)	(1,384)
Trust funds and deposits repaid		(5,248)	(5,504)
Net cash provided by/(used in) operating activities	9.2	167,046	125,263
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(195,738)	(121,179)
Proceeds from sale of property, infrastructure, plant and equipment		12,828	8,463
Payments for investments		(59,329)	(140,098)
Proceeds from sale of investments		91,414	144,293
Net cash provided by/(used in) investing activities		(150,825)	(108,521)
Cash flows from financing activities			
Finance costs		(2,778)	(2,937)
Proceeds from borrowings		32,300	45,000
Repayment of borrowings		(9,276)	(10,540)
Interest paid - lease liability		(57)	(147)
Repayment of lease liabilities		(2,868)	(3,288)
Net cash provided by/(used in) financing activities		17,320	28,088
Net increase (decrease) in cash and cash equivalents		33,542	44,830
Cash and cash equivalents at the beginning of the financial year		66,913	22,083
Cash and cash equivalents at the end of the financial year	5.1(a)	100,455	66,913
Financing arrangements	5.6		
Restrictions on cash and cash equivalents assets	5.1(c)		

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

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

	Note	2022 \$'000	2021 \$'000
Property			
Land		12,780	126
Buildings		80,066	36,527
Total property		92,846	36,653
Plant and equipment			
Plant, machinery and equipment		3,782	3,492
Computers and telecommunications		6,829	5,987
Total plant and equipment		10,611	9,479
Infrastructure			
Roads		24,799	31,758
Footpaths and cycleways		9,942	4,317
Drainage		7,485	5,452
Recreational, leisure and community facilities		11,482	2,389
Waste management		1,834	1,294
Parks, open space and streetscapes		31,966	24,204
Other infrastructure		4,774	5,634
Total infrastructure		92,281	75,047
Total capital works expenditure		195,738	121,179
Represented by:			
New asset expenditure		147,346	81,812
Asset renewal expenditure		36,368	34,414
Asset upgrade expenditure		12,024	4,953
Total capital works expenditure		195,738	121,179

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

Greater Geelong City Council
2021-22 Financial Report

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

Note 1: Overview

Introduction

The Greater Geelong City Council 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 2020, and the Local Government (Planning and Reporting) Regulations 2020.

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

Significant accounting policies

a) Basis of Accounting

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB15 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

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

management team make all the decisions 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 pandemic

During 2021-22 the COVID-19 pandemic continued to impact on Council's operations.

The Council, in line with the Victorian Government restrictions, were forced to close or restrict access to leisure, community, sporting and arts facilities during the start of the 2021-22 financial year. These closures had an impact on general revenue and expenses, as well as employees being stood down. Redeployment was recommenced to minimise the impact on our staff.

Since the commencement of the pandemic, Council has adopted 7 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 three financial years (2019-20, 2020-21 and 2021-22) was budgeted at over \$19.0m.

Council has noted the following significant impacts on its 2021-22 financial operations from the COVID-19 pandemic:

Areas	Summary of impact	\$m
Additional Revenue	Grant income received for initiatives to support businesses during the recovery from the pandemic, including Outdoor Dining Activation.	0.5
Leisure and Community Net impact	Closure of leisure, community and arts facilities resulted in reduced revenue, offset by lower employee and other costs.	(0.9)
Support packages	Free parking initiatives introduced by Council impacted the number of infringements issued reducing income. Additional COVID-19 community grants plus arts and tourism support, plus rental support.	(1.5)
Other	Decreased retail sales, provision of additional COVID-19 personal protective equipment for staff, general support to businesses	(1.5)

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

Note 2: Performance against budget

The performance against budget notes compares Council's financial plan, expressed through its annual budget, with actual performance. *The Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$11.3m where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is material because of its nature.

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

2.1.1 Income and expenditure

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Income					
Rates and charges	268,323	274,660	6,337	2%	
Statutory fees and fines	14,398	13,743	(655)	-5%	
User fees	63,834	54,599	(9,235)	-14%	1
Grants - operating	62,275	76,331	14,056	23%	2
Grants - capital	17,794	20,527	2,733	15%	3
Contributions - monetary	29,360	43,086	13,726	47%	4
Contributions - non monetary	80,000	79,321	(679)	-1%	
Net gain on disposal of property, infrastructure, plant and equipment	12,382	-	(12,382)	-100%	5
Other income	1,277	4,707	3,430	269%	6
Total income	549,642	566,972	17,330	3%	
Expenses					
Employee costs	183,563	176,299	7,265	4%	
Materials and services	122,668	136,466	(13,798)	-11%	7
Depreciation	73,254	70,190	3,064	4%	
Amortisation - intangible assets	387	387	-	0%	
Amortisation - right of use assets	2,647	2,725	(78)	-3%	
Bad and doubtful debts	1,255	769	486	39%	8
Borrowing costs	3,876	2,866	1,010	26%	9
Finance costs - leases	56	60	(5)	-9%	
Net loss on disposal of property, infrastructure, plant and equipment	-	3,579	(3,579)		
Share of net losses of associates and joint ventures	-	208	(208)	%	
Other expenses	30,440	31,996	(1,557)	-5%	
Total expenses	418,144	425,545	(7,400)	-2%	
Surplus/(deficit) for the year	131,497	141,428	9,930	8%	

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

(i) Explanation of material variations

Variance Reference	Item	Explanation
1	User fees	Closure of leisure centres and outdoor pools \$7.3m, reduced parking utilisation and free parking initiatives \$3.1m.
2	Grants - operating	75% 2022-23 Financial Assistance Grants received in advance was higher than budget assumptions \$7.2m, additional Commonwealth Home Support Program funding of \$2.8m, Long Day Care support of \$0.9m and other business-related stimulus grants as a result of COVID-19 impacts.
3	Grants - capital	Grants were received for Sports Lighting Upgrade Program \$1.4m, Drysdale Sporting Precinct Master Plan \$0.6m, Leopold Football Club Master Plan \$0.2m and other project related grants - either earlier than budgeted or unbudgeted.
4	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 Armstrong Creek West \$8.7m, Trethowen Avenue \$1.3m, \$0.6m Armstrong Creek Southern Precinct and Open Space \$2.9m.
5	Net loss on disposal of property, infrastructure, plant and equipment	Budget included the sale of a key City asset, which has been deferred until the 2022-23 financial year.
6	Other income	Other income includes unbudgeted income from the sale of environmental certificates that have been made available from the LED streetlighting project.
7	Materials and services	Inflationary and contract increases as well as services coming back to normal post the pandemic. Increase is also driven by current and prior year capital write-offs.
8	Bad and doubtful debts	Less than budgeted provisions required for external services, with parking infringements material favourable variance. Favourable settlement of historical debt.
9	Borrowing costs	Deferral of budgeted borrowings has resulted in these costs being less than budgeted

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

2.1.2 Capital Works

	Budget 2022	Actual 2022	Variance	Variance	
	\$'000	\$'000	\$'000	%	Ref
Property					
Land	28,448	12,780	(15,668)	-55%	1
Buildings	68,198	80,066	11,868	17%	2
Total property	96,646	92,846	(3,800)	-4%	
Plant and equipment					
Plant, machinery and equipment	6,853	3,782	(3,070)	-45%	3
Computers and telecommunications	5,794	6,829	1,035	18%	4
Total plant and equipment	12,646	10,611	(2,036)	-16%	
Infrastructure					
Roads	22,866	24,799	1,934	8%	
Footpaths and cycleways	9,148	9,942	794	9%	
Drainage	5,918	7,485	1,567	26%	5
Recreational, leisure and community facilities	10,408	11,482	1,074	10%	
Waste management	1,133	1,834	701	62%	6
Parks, open space and streetscapes	38,637	31,966	(6,671)	-17%	7
Other infrastructure	7,638	4,774	(2,865)	-38%	8
Total infrastructure	95,748	92,281	(3,466)	-4%	
Total capital works expenditure	205,040	195,738	(9,302)	-5%	
Represented by:					
New asset expenditure	152,795	147,346	(5,449)	-4%	
Asset renewal expenditure	40,009	36,368	(3,641)	-9%	
Asset upgrade expenditure	12,236	12,024	(213)	-2%	
Total capital works expenditure	205,040	195,738	(9,302)	-5%	

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

(i) Explanation of material variations

Variance Reference	Item	Explanation
1	Land	Delays in the timing and negotiation of land acquisitions in key development regions.
2	Buildings	Deferred expenditure on the Civic Precinct in 2021, led to increased spending on the building in the 2022 financial year.
3	Plant, machinery and equipment	Supply chain issues with the purchase of light and heavy vehicles has led to lower expenditure in 2022.
4	Computers and telecommunications	Timing of spend on the digital modernisation project was higher than budget for the 2022 financial year.
5	Drainage	Variance largely due to the timing of the expenditure on the Elcho drainage project that was greater than budget, partially offset by reduced expenditure on core flood and drainage management projects.
6	Waste management	Increased expenditure on new bins to service the growing community as well as higher than budget spend on the composting work facilities.
7	Parks, open space and streetscapes	The budget included \$3m of expenditure for streetscape works for the Convention Centre which has been deferred until the 2023-24 financial year. Timing of expenditure on North Bellarine Aquatic Centre.
8	Other infrastructure	Timing of the roll out of LED streetlighting differed from budget expectations.

2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Summary of Council directorates and responsibilities

Chief Executive

Incorporates Governance, Corporate Communications with administration of the Office of the Chief Executive in order to provide effective oversight of the organisation.

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.

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

Greater Geelong City Council
2021-22 Financial Report

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

include capital works engineering services, environment and waste, city works, parks and gardens, emergency management and municipal resources.

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.

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 financial services, digital information and technology, property and procurement, business process improvement, Civic Accommodation project, integrity and risk and legal Services.

Strategy, People and Performance

Responsible for people and performance, health, safety & wellbeing, enterprise program management and change management to align with council strategy. The strategy, commercial and partnerships business unit aims to develop Council's key strategic goals, review Council's services and to develop key relations with commercial partners to meet the needs of the growing community.

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

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
2022	\$'000	\$'000	\$'000	\$'000	\$'000
Customer and Corporate Services	305,089	53,626	251,463	30,991	456,891
City Planning & Economy	57,261	49,706	7,556	4,881	180,905
Community Life	88,390	116,052	(27,662)	43,488	894,004
City Services	115,991	185,388	(69,397)	17,467	2,851,493
Chief Executive	242	8,449	(8,207)	29	-
Strategy, People & Performance	0	12,324	(12,324)	-	-
	566,973	425,545	141,428	96,857	4,383,292

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
2021	\$'000	\$'000	\$'000	\$'000	\$'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

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

Note 3: Funding for the delivery of 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 2021/22 was \$79.39 billion (2020/21 \$76.24 billion).

	2022	2021
	\$'000	\$'000
General rates	217,122	208,507
Waste management charge	48,238	42,825
Special rates and charges	4,453	2,840
Supplementary rates and rate adjustments	3,877	3,052
Interest on rates and charges	896	394
Revenue in lieu of rates	73	72
Total rates and charges	274,660	257,691

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

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

3.2 Statutory Fees and Fines

Infringements and costs	2,955	2,218
Court recoveries	480	408
Town planning fees	3,375	2,611
Land information certificates	2,355	2,579
Permits	4,577	4,688
Total statutory fees and fines	13,743	12,504

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.

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

3.3 User Fees

	2022	2021
	\$'000	\$'000
Aged and health services	2,979	3,098
Leisure centre and recreation	10,747	7,934
Childcare/children's programs	6,711	6,330
Parking	5,992	3,096
Building services	5,680	4,880
Waste management services	14,697	11,118
National Wool Museum	360	294
Parks	179	222
Rental and leasing	2,295	1,815
Road works	461	550
Planning	1,508	3,954
Other fees and charges	2,990	2,408
Total user fees	54,599	45,697
User fees by timing of revenue recognition		
User fees recognised over time	-	-
User fees recognised at a point in time	54,599	45,697
Total user fees	54,599	45,697

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:

Commonwealth funded grants	65,636	50,427
State funded grants	31,221	39,925
Total grants received	96,857	90,352

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

(a) Operating Grants

	2022	2021
	\$'000	\$'000
<i>Recurrent – Commonwealth Government funded grants</i>		
Financial assistance grants	30,991	22,141
Family day care	11,101	10,619
General home care	18,923	14,333
Other	738	241
<i>Recurrent – State Government funded grants</i>		
Aged care	1,406	2,074
School crossing supervisors	991	912
Family services	9,095	7,973
Environment	81	252
Community development	944	674
Other	2,061	1,846
Total recurrent operating grants	76,331	61,065
<i>Non-recurrent – State Government funded grants</i>		
Working for Victoria	-	7,802
Total non-recurrent operating grants	-	7,802
Total operating grants	76,331	68,867

(b) Capital Grants

<i>Recurrent – Commonwealth Government funded grants</i>		
Roads to recovery	2,184	2,309
Total recurrent capital grants	2,184	2,309
<i>Non-recurrent – Commonwealth Government funded grants</i>		
Recreation	1,701	785
<i>Non-recurrent – State Government funded grants</i>		
Roads	3,276	6,417
IT	291	923
Recreation	8,705	9,399
Buildings	2,625	1,015
Other	1,745	639
Total non-recurrent capital grants	18,343	19,177
Total capital grants	20,527	21,485

Greater Geelong City Council
2021-22 Financial Report

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

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

	2022	2021
	\$'000	\$'000
<i>Operating</i>		
Balance at start of year	8,539	5,775
Received during the financial year and remained unspent at balance date	2,684	4,892
Received in prior years and spent during the financial year	(3,942)	(2,128)
Balance at year end	7,281	8,539
<i>Capital</i>		
Balance at start of year	6,766	3,344
Received during the financial year and remained unspent at balance date	17,101	6,766
Received in prior years and spent during the financial year	(6,766)	(3,344)
Balance at year end	17,101	6,766

(d) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficient specific performance obligations in accordance with AASB 15 Revenue from Contracts with Customers.

When both these conditions are satisfied, the Council:

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

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

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

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

General purpose	30,991	22,141
Specific purpose grants to acquire non-financial assets	20,527	21,485
Other specific grants	25,713	35,183

Revenue recognised under AASB 15 Revenue from Contracts with Customers

Specific purpose grants	19,627	11,543
	96,857	90,352

Greater Geelong City Council
2021-22 Financial Report

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

3.5 Contributions

	2022	2021
	\$'000	\$'000
Monetary	43,086	33,761
Non-monetary	79,321	98,699
Total contributions	122,407	132,460
Contributions of non-monetary assets were received in relation to the following asset classes.		
Land	13,667	27,441
Buildings	845	-
Roads	12,529	-
Other Infrastructure	52,280	71,259
Total non-monetary contributions	79,321	98,699

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

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

Proceeds of sale	12,828	8,463
Written down value of assets disposed	(16,406)	(9,458)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(3,579)	(995)

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

3.7 Other income

Interest	688	567
Other	4,019	774
Total other income	4,707	1,341

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.

Greater Geelong City Council
2021-22 Financial Report

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

Note 4: The cost of delivering services

4.1 (a) Employee Costs

	2022	2021
	\$'000	\$'000
Wages and salaries	151,927	151,191
WorkCover	3,253	2,385
Casual staff / supplementary labour	4,496	2,734
Superannuation	14,541	14,091
Fringe benefits tax	478	483
Other	1,605	944
Total employee costs	176,299	171,830

(b) Superannuation

Council made the following contributions to the following funds:

Defined Benefit Fund

Employer contributions to Local Authorities Superannuation Fund
 (Vision Super)

710	717
710	717

Employer contributions payable at reporting date

-	-
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Accumulation Funds

Employer contributions to Local Authorities Superannuation Fund
 (Vision Super)

7,846	7,709
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Employer contributions -other funds

6,726	6,009
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14,572	13,718
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Employer contributions payable at reporting date

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

4.2 Materials and services

Materials	7,293	7,700
Contract payments	47,881	46,516
Building maintenance	8,347	4,910
Plant / equipment / vehicle costs	5,528	7,898
Utilities	8,912	9,826
Office administration	5,906	5,518
Information technology	4,316	3,891
Insurance	3,325	2,610
Levies	9,484	5,671
Geelong Regional Library Corporation Funding Contribution	11,261	11,046
Consultants	7,840	6,678
Capital works reclassified as expense	16,372	5,772
Total materials and services	136,466	118,038

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

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

4.3 Depreciation

	2022	2021
	\$'000	\$'000
Property	12,846	12,909
Plant and equipment	6,786	6,889
Infrastructure	50,558	48,483
Total depreciation	70,190	68,281

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

4.4 Amortisation – Intangible assets

Other – Landfill airspace	387	387
Total Amortisation – Intangible assets	387	387

4.5 Amortisation – Right of use assets

Property	2,532	3,014
Vehicles	48	41
Other	146	146
Total Amortisation – Right of use assets	2,725	3,201

4.6 Bad and doubtful debts

Parking fine debtors	591	536
Other debtors	178	1,205
Total bad and doubtful debts	769	1,741

Movement in provisions for doubtful debts

Balance at the beginning of the year	18,603	17,094
New provisions recognised during the year	941	4,237
Amounts already provided for and written off as uncollectible	(1,951)	(2,716)
Amounts provided for but recovered during the year	(7)	(12)
Balance at end of year	17,586	18,603

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.

Greater Geelong City Council
2021-22 Financial Report

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

4.7 Borrowing costs

	2022	2021
	\$'000	\$'000
Interest - borrowings	2,866	2,993
Total borrowing costs	2,866	2,993

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	60	147
Total finance costs	60	147

4.9 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	115	103
Auditors' remuneration - Internal Audit	148	235
Councillors' allowances	459	404
Contributions	3,580	4,063
Waste disposal and recycling	16,128	12,270
Marketing, promotion and advertising	1,772	2,162
Events and functions	777	596
Operating lease rentals	2,016	1,384
Security	788	858
Memberships and subscriptions	821	603
Licences, fees and permits	716	522
Grants	2,570	5,255
Others	2,106	2,348
Total other expenses	31,996	30,802

Greater Geelong City Council
2021-22 Financial Report

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

Note 5: Financial Position

5.1 Financial assets

	2022	2021
	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand - current	150	158
Cash at bank - current	100,305	66,755
Total cash and cash equivalents	100,455	66,913
(b) Other financial assets		
Term deposits - current	45,151	77,092
Term deposits – non-current	-	-
Total other financial assets	45,151	77,092

(c) Restricted funds

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

- Trust funds and deposits (Note 5.3 (b))	12,540	12,800
- Grants received but not expended (Note 3.4 (c))	24,382	15,305
Total restricted funds	36,921	28,105
Total unrestricted cash and cash equivalents	63,533	38,808

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	41,330	27,027
- include details of other allocated amounts	66,803	35,883
Total funds subject to intended allocations	108,133	62,910

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

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

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

Greater Geelong City Council
2021-22 Financial Report

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

(d) Trade and other receivables

	2022	2021
	\$'000	\$'000
Current		
<i>Statutory receivables</i>		
Rates debtors	4,403	2,054
Provision for doubtful debts - rates	(465)	(457)
Infringement debtors	12,765	11,923
Provision for doubtful debts - infringements	(11,479)	(10,888)
Net GST receivable	2,992	1,663
<i>Non statutory receivables</i>		
Other debtors including landfill, leasing and permits	20,139	19,215
Provision for doubtful debts - other debtors	(5,642)	(7,258)
Total current trade and other receivables	22,713	16,251
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	4,091	5,822
Long term rates	7,289	9,397
<i>Non statutory receivables</i>		
Loans and advances to community organisations	98	98
Total non-current trade and other receivables	11,478	15,317
Total trade and other receivables	34,190	31,568

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

(e) 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)	11,567	8,326
Past due by up to 30 days	-	-
Past due between 31 and 180 days	2,795	3,038
Past due between 181 and 365 days	183	405
Past due by more than 1 year	50	285
Total trade and other receivables	14,594	12,054

Greater Geelong City Council
2021-22 Financial Report

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

(f) Aging of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$5.6m (2021: \$7.3m) were impaired. The amount of the provision raised against these debtors was \$5.6m (2021: \$7.3m). They have been individually 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:

	2022	2021
	\$'000	\$'000
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	284	3,505
Past due between 181 and 365 days	723	268
Past due by more than 1 year	4,635	3,486
Total trade and other receivables	5,642	7,258

5.2 Non-financial assets

(a) Inventories

Current

Inventories held for distribution	1,432	813
Inventories held for sale	274	279
Total Inventories	1,706	1,092

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

(b) Other assets

Current

Prepayments	2,567	2,667
Accrued income	3,209	1,566
Total other assets	5,776	4,233

(c) Intangible assets

Landfill air space	2,063	2,450
Total intangible assets	2,063	2,450

Greater Geelong City Council
2021-22 Financial Report

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

	Landfill Airspace \$'000	Total \$'000
Gross carrying amount		
Balance at 1 July 2021	2,450	2,450
Amortisation	(387)	(387)
Balance at 30 June 2022	2,063	2,063
Net book value at 30 June 2021	2,450	2,450
Net book value at 30 June 2022	2,063	2,063

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate. Refer to Note 6.2 for amortisation periods and thresholds.

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

(a) Trade and other payables

	2022 \$'000	2021 \$'000
Current		
<i>Non-statutory payables</i>		
Trade payables	17,574	15,389
Prepaid Income (includes rates and leisure services)	1,128	2,242
Accrued expenses	22,655	19,016
Total trade and other payables	41,357	36,647

(b) Trust funds and deposits

Current		
Refundable deposits	10,173	10,388
Fire services levy	2,367	2,411
Total trust funds and deposits	12,540	12,800

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

(c) Unearned income/revenue

	2022	2021
	\$'000	\$'000
Current		
Grants received in advance - operating	7,280	3,622
Grants received in advance - capital	17,101	6,766
Other	648	5,190
Total unearned income/revenue	25,029	15,578

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

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

Purpose and nature of items

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.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

5.4 Interest bearing liabilities

Current

Borrowings - secured	14,062	12,006
	14,062	12,006

Non-current

Borrowings - secured	126,030	105,062
	126,030	105,062

Total interest bearing liabilities	140,092	117,068
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Borrowings are secured by the Council Rate Base

Greater Geelong City Council
2021-22 Financial Report

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

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

	2022	2021
	\$'000	\$'000
Not later than one year	14,062	12,006
Later than one year and not later than five years	60,475	45,734
Later than five years	65,554	59,328
	140,092	117,068

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
2022	\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	36,415	16,683	4,623	57,720
Additional provisions	21,310	-	-	21,310
Amounts used	(21,331)	-	(265)	(21,596)
Balance at the end of the financial year	36,393	16,683	4,358	57,434

	Employee	Landfill restoration	Other	Total
2021	\$ '000	\$ '000	\$ '000	\$ '000
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	57,721

Greater Geelong City Council
2021-22 Financial Report

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

(a) Employee provisions	2022 \$'000	2021 \$'000
Current provisions expected to be wholly settled within 12 months		
Annual leave	11,861	11,905
Long service leave	2,130	1,731
Other	138	158
	14,129	13,793
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,227	1,166
Long service leave	19,020	18,527
	20,247	19,692
Total current employee provisions	34,375	33,486
Non-current		
Long service leave	2,018	2,929
Total non-current employee provisions	2,018	2,929
Aggregate carrying amount of employee provisions:		
Current	34,375	33,486
Non-current	2,018	2,929
Total aggregate carrying amount of employee provisions	36,393	36,415

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

Annual leave

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

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

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

Long service leave

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

Key assumptions:	2022	2021
- discount rate	2.38% - 3.51%	(0.015%) - 1.215%
- wage inflation rate	3.10%	2.20%

Greater Geelong City Council
2021-22 Financial Report

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

(b) Landfill restoration provision

	2022	2021
	\$'000	\$'000
Current	124	124
Non-current	16,559	16,559
	16,683	16,683

Council is obligated to restore its landfill site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. 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:

	2022	2021
- discount rate	3.83% - 3.86%	2.03%-2.25%
- estimated cost to rehabilitate (undiscounted)	20,012	18,865

(c) Other provisions

Developer contribution liabilities	68	68
Other provisions	4,289	4,554
Total other provisions	4,358	4,623

(d) Total provisions

Current	38,789	38,164
Non-current	18,645	19,557
Total provisions	57,434	57,721

5.6 Financing Arrangements

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

Bank overdraft	5,000	5,000
Credit card facilities	550	-
Total facilities	5,550	5,000
Unused facilities	5,550	5,000

Greater Geelong City Council
2021-22 Financial Report

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

5.7 Commitments for expenditure

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

(a) Commitments for expenditure

2022	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
IT	717	238	-	-	955
Recycling and Waste Management	1,389	2,399	1,199	-	4,987
Facilities maintenance	267	49	-	-	317
Open space and parks management	1,421	2,477	-	-	3,898
Consultancies	87	98	-	-	186
Cleaning contracts for council buildings	706	-	-	-	706
Roads	103	-	-	-	103
Other	1,712	1,867	-	-	3,580
Total	6,402	7,129	1,199	-	14,731
Capital					
Buildings	90,242	-	-	-	90,242
Other	11,348	-	-	-	11,348
Total	101,590	-	-	-	101,590

2021	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
IT	14,574	474	206	-	15,254
Recycling and Waste Management	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	-	3,721
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

Greater Geelong City Council
2021-22 Financial Report

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

(b) 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:

	2022	2021
	\$'000	\$'000
Not later than one year	1,716	1,678
Later than one year and not later than five years	3,908	4,066
Later than five years	1,843	2,192
	7,467	7,936

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

Greater Geelong City Council
2021-22 Financial Report

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

- the exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

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

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

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 assets.

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	Vehicles	Other	Total
	\$'000	\$'000	\$'000	\$'000
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
Balance at 1 July 2021	2,590	70	570	3,230
Additions	506	26	-	532
Amortisation charge	(2,532)	(48)	(146)	(2,725)
Balance at 30 June 2022	564	49	425	1,038

Lease Liabilities

	2022	2021
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,091	2,756
One to five years	742	555
More than five years	-	-
Total undiscounted lease liabilities as at 30 June:	1,834	3,310
Lease liabilities included in the Balance Sheet at 30 June:		
Current	369	2,835
Non-current	692	558
Total lease liabilities	1,061	3,392

Greater Geelong City Council
2021-22 Financial Report

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

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.

Expenses relating to:

Short-term leases	2,035	1,383
Leases of low value assets	3	1
Total	2,038	1,384

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	0	1
Later than one year but not later than five years	2	2
Total Lease commitments	2	3

Greater Geelong City Council
2021-22 Financial Report

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

Note 6: Assets we manage

6.1 Non current assets classified as held for sale

	2022	2021
	\$'000	\$'000
Cost of acquisition	19,827	-
Capitalised development costs (eg roads, drainage)	-	-
Borrowing costs capitalised during development	-	-
Total non-current assets classified as held for sale	19,827	-
Capitalisation rate used in the allocation of borrowing costs	0%	0%

Non current assets classified as held for sale (including disposal groups) are measured at the lower of its carrying amount and fair value less costs of disposal and are not subject to depreciation.

Non current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

6.2 Property, Infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2021	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Assets Held for Sale	Carrying amount 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property - Land	881,805	1,600	13,667	219,268	-	(5,480)	(5,553)	10,078	(7,282)	1,108,103
Property - Buildings	473,508	11,829	845	32,277	(12,846)	(3,589)	(9,117)	1,391	(12,545)	481,754
Plant and equipment	30,165	4,108	-	-	(6,786)	(597)	(493)	628		27,025
Infrastructure	1,697,995	31,920	64,816	601,326	(50,559)	(6,740)	158	610		2,339,528
Work in progress	75,308	146,281					(1,326)	(12,707)		207,556
	3,158,783	195,738	79,328	852,871	(70,190)	(16,406)	(16,331)	-	(19,827)	4,163,968

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	39,731	79,417	(435)	(11,469)	107,244
Plant and equipment	6,488	6,503	(34)	(628)	12,329
Infrastructure	29,089	60,361	(857)	(610)	87,983
Total	75,308	146,281	(1,326)	(12,707)	207,556

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

(a) Property

	Land - specialised	Land - non specialised	Land under roads	Total Land	Heritage buildings	Buildings - specialised	Buildings non specialised	Leasehold improvements	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	801,435	42,544	37,828	881,805	113,897	536,154	8,513	3,842	662,406	39,731	1,583,943
Accumulated depreciation at 1 July 2021	-	-	-	-	(49,666)	(134,309)	(2,575)	(2,348)	(188,898)	-	(188,898)
	801,435	42,544	37,828	881,805	64,231	401,845	5,938	1,493	473,508	39,731	1,395,045
Movements in fair value											
Additions	1,600	-	-	1,600	53	11,765	-	11	11,829	79,417	92,846
Contributions	13,667	-	-	13,667	-	845	-	-	845	-	14,512
Revaluation	215,928	4,653	(1,313)	219,268	4,651	30,161	(2,535)	-	32,277	-	251,545
Disposal	-	(5,480)	-	(5,480)	(2,150)	(934)	(1,088)	-	(4,172)	-	(9,652)
Write-off and Adjustments	(5,554)	-	-	(5,553)	-	(9,119)	1	-	(9,117)	(435)	(15,106)
Transfers (inc Asset Held for Sale)	3,165	(369)	-	2,796	-	(9,798)	(1,356)	-	(11,154)	(11,469)	(19,827)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
	228,806	(1,196)	(1,313)	226,297	2,554	22,920	(4,979)	11	20,507	67,513	314,317
Movements in accumulated depreciation											
Depreciation and amortisation	-	-	-	-	(2,402)	(9,919)	(206)	(319)	(12,846)	-	(12,846)
Accumulated depreciation of disposals	-	-	-	-	199	345	39	-	583	-	583
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	(2,202)	(9,574)	(168)	(319)	(12,263)	-	(12,263)
At fair value 30 June 2022	1,030,242	41,349	36,514	1,108,105	116,451	559,074	3,536	3,853	682,914	107,244	1,898,263
Accumulated depreciation at 30 June 2022	-	-	-	-	(51,868)	(143,883)	(2,743)	(2,667)	(201,161)	-	(201,161)
Carrying amount	1,030,242	41,349	36,514	1,108,105	64,583	415,191	793	1,185	481,752	107,244	1,697,101

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecoms	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	38,481	17,146	36,948	6,488	99,063
Accumulated depreciation at 1 July 2021	(16,875)	(13,085)	(32,451)	-	(62,411)
	21,606	4,061	4,497	6,488	36,652
Movements in fair value					
Additions	3,378	35	695	6,503	10,611
Contributions	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposal	(1,666)	-	(42)	-	(1,708)
Write-off and Adjustments	193	(670)	(16)	(34)	(527)
Transfers	-	-	628	(628)	-
Impairment losses recognised in operating result	-	-	-	-	-
	1,905	(635)	1,264	5,842	8,376
Movements in accumulated depreciation					
Depreciation and amortisation	(3,816)	(651)	(2,318)	-	(6,786)
Accumulated depreciation of disposals	1,069	-	42	-	1,111
Impairment losses recognised in operating result	-	-	-	-	-
	(2,747)	(651)	(2,276)	-	(5,675)
At fair value 30 June 2022	40,386	16,511	38,212	12,329	107,439
Accumulated depreciation at 30 June 2022	(19,622)	(13,736)	(34,727)	-	(68,085)
Carrying amount	20,764	2,775	3,485	12,329	39,354

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

(c) Infrastructure

	Road Seal and Road Pavement	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	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 2021	949,796	305,083	779,890	181,667	252,250	219,971	110,762	29,089	2,828,507
Accumulated depreciation at 1 July 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
Movements in fair value									
Additions	11,916	7,377	404	6,214	4,161	733	1,115	60,361	92,281
Contributions	12,529	11,040	19,406	8,988	5,505	1,783	5,566	-	64,816
Revaluation	127,009	264,357	100,980	-	105,291	3,689	-	-	601,326
Disposal	(12,333)	(3,030)	(1,507)	(52)	(905)	(900)	-	-	(18,727)
Write-off and Adjustments	695	(112)	(9,410)	(196)	9,181	0	(1)	(857)	(699)
Transfers	-	-	-	610	-	-	-	(610)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	139,817	279,632	109,875	15,563	123,233	5,304	6,680	58,894	738,999
Movements in accumulated depreciation									
Depreciation and amortisation	(15,245)	(6,375)	(9,285)	(7,397)	(3,584)	(4,641)	(4,032)	-	(50,559)
Accumulated depreciation of disposals	8,246	2,342	441	31	612	314	-	-	11,987
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	(7,000)	(4,032)	(8,844)	(7,366)	(2,971)	(4,327)	(4,032)	-	(38,572)
At fair value 30 June 2022	1,089,612	584,716	889,764	197,230	375,483	225,276	117,442	87,983	3,567,506
Accumulated depreciation at 30 June 2022	(392,715)	(156,277)	(195,397)	(83,521)	(148,375)	(90,387)	(73,323)	-	(1,139,994)
Carrying amount	696,898	428,439	694,367	113,709	227,108	134,888	44,119	87,983	2,427,512

Greater Geelong City Council
2021-22 Financial Report

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

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.

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit
Land & land improvements		
Land		1,000
Buildings		
Buildings – Total cost of structure	20 - 150 years	10,000
Structure	50 - 155 years	1,000
Sub Structure	50 - 150 years	1,000
Fitout	20 - 70 years	1,000
Roof	40 - 140 years	1,000
Mechanical Services	20 - 60 years	1,000
Hydraulic Services	50 - 100 years	1,000
Electrical Services	25 - 50 years	1,000
Floor Coverings	13 - 30 years	1,000
Security Services	15 - 20 years	1,000
Transport Services (Lifts Escalators)	60 - 100 years	1,000
Building Improvements	50 years	1,000
Leasehold Improvements	10 years	1,000
Plant and Equipment		
Heavy Plant and Equipment, Commercial Vehicles	10 years	1,000
Personal Computers	3 years	1,000
Computer Equipment	4-5 years	1,000
Software	4-5 years	1,000
Light Motor Vehicles	5-7 years	1,000
Fixtures and Fittings	10 years	1,000
Infrastructure		
Road Spray Seal	40 years	1,000
Road Asphalt Seal	30 years	1,000
Road Pavement	250 years	1,000
Drainage	40-100 years	1,000
Kerbs and Channel	60 years	1,000
Footpaths and Bike paths	50 years	1,000
Recreation	7-80 years	1,000
Airspace		1,000
Right of Use Assets	As per lease term	1,000

Greater Geelong City Council
2021-22 Financial Report

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

During the 2021-22 assessment of the fair value of infrastructure assets the useful lives and the remaining service potential of certain asset classes have been revised. The following table outlines the revised depreciation periods. The 2022-23 depreciation expense is not expected to materially change because of this reassessment.

	Depreciation period to 30 June 2022	Depreciation period from 1 July 2022
Drainage	40-100 years	50-110 years
Kerb and Channel	60 years	60-80 years
Footpaths and Bike paths	50 years	14-65 years
<i>Concrete</i>	<i>50 years</i>	<i>50 years</i>
<i>Asphalt</i>	<i>50 years</i>	<i>30 years</i>
<i>Gravel</i>	<i>50 years</i>	<i>14 years</i>
<i>Brick/CAA</i>	<i>50 years</i>	<i>65 years</i>

Land under roads

Council recognises land under roads acquired 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

During 2021-22 a revaluation of land was undertaken by Opteon AAPI CPV Member no 63379 and a desktop valuation of buildings was undertaken by APV. The valuation of land and building 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.

Greater Geelong City Council
2021-22 Financial Report

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

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. An indexed based revaluation was conducted in the current year, this valuation was based on Rawlinson, a full revaluation of these assets will be conducted in accordance Council Asset Revaluation Procedure.

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

	Level 1	Level 2	Level 3	Date of Valuation
Non-specialised land	-	41,349	-	Jun-22
Specialised land	-	-	1,030,242	Jun-22
Land under roads	-	-	36,514	Jun-22
Heritage Buildings	-	-	64,583	Jun-22
Specialised buildings	-	-	415,191	Jun-22
Non-specialised buildings	-	793	-	Jun-22
Leasehold improvements			1,185	Various
Total	-	42,141	1,547,715	

Valuation of infrastructure

During 2021-22, Council engaged the services of APV Valuers & Asset Management to complete a desktop revaluation of infrastructure asset groups. For all key infrastructure classes, the desktop revaluation was completed in 2021-22 with smaller infrastructure asset classes to be revalued in 2022-23 financial year.

The last independent revaluation of Drainage assets was April 2018, Kerb and Channel and Footpaths April 2019.

The desktop revaluation assessment included a review of unit rates and the useful lives.

The City has observed an increase in the current replacement cost of infrastructure assets due to rising costs of material, services and labour. The higher unit rates used in the valuation process has contributed to the revaluation increment brought to account in 2021-22.

The revaluation exercise identified certain asset classes to have a longer remaining service potential. Condition audit sampling was undertaken by the City's asset management engineers who are degree qualified.

The date of the current valuation is detailed in the following table. a full revaluation of these assets will be conducted in 2022/23.

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

Greater Geelong City Council
2021-22 Financial Report

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

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

	Level 1	Level 2	Level 3	Date of Valuation
Road (Pavement and Seal)	-	-	696,898	Jun-22
Footpaths and bike paths	-	-	428,439	Jun-22
Drainage	-	-	694,367	Jun-22
Kerb and Channel	-	-	227,108	Jun-22
Roads Other	-	-	134,888	Jun-22
Other Infrastructure	-	-	44,119	2013
Recreation, Leisure and Community	-	-	113,709	2013
Total	-	-	2,339,529	

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. The majority of our land values range between \$1 and \$6,060.61 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$342 to \$36,750 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 current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 12 years to 250 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2022 \$'000	2021 \$'000
Reconciliation of specialised land		
Land under roads	36,514	37,828
Parks and reserves	1,030,242	801,434
Total specialised land	1,066,756	839,262

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

6.3 Investments in associates, joint arrangements and subsidiaries

(a) Investments in associates

Investments in associates accounted for by the equity method are:

	2022	2021
	\$'000	\$'000
Geelong Regional Library Corporation	9,119	9,327

Geelong Regional Library Corporation

Principal activity is to provide Library Services to member municipalities. Council holds 88.3% (2020-21 89.52%) 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. The Geelong Regional Library is Incorporated in Australia.

Fair value of Council's investment in Geelong Regional Library Corporation	9,119	9,327
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Council's share of accumulated surplus/(deficit)

Council's share of accumulated surplus(deficit) at start of year	5,991	6,066
Reported surplus(deficit) for year	(208)	(74)
Council's share of accumulated surplus(deficit) at end of year	5,783	5,991

Movement in carrying value of specific investment

Carrying value of investment at start of year	9,327	9,401
Share of surplus(deficit) for year	(208)	(74)
Carrying value of investment at end of year	9,119	9,327

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.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

For joint operations, Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

Note 7: People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Associates

Interests in subsidiaries and associates are detailed in Note 6.3.

(b) Key management personal

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Greater Geelong City Council. The Councillors, Chief Executive Officer and Directors are deemed KMP.

Details of KMP at any time during the year are:

	2022	2021
Councillors		
Cr Stephanie Asher (Mayor)		
- Mayor 1/07/2021 to 14/01/2022;		
- On leave of absence for the period 15/01/2022 to 31/05/2022		
- Mayor 01/06/2022 to 14/06/2022		
- Stepped down from Mayor and became Councillor 15/06/2022 to 30/06/2022.		
Cr Trent Sullivan (Deputy Mayor)		
- Deputy Mayor 1/07/2021 to 14/01/2022;		
- Mayor 15/01/2022 to 31/05/2022;		
- Deputy Mayor 1/06/2022 to 30/06/2022.		
- Mayor 15/06/2022 and 16/06/2022		
Cr Peter Murrehy - Councillor 01/07/2021 to 16/06/2021; Mayor 17/06/2022 to 30/06/2022.		
Cr Anthony Aitken		
Cr Bruce Harwood		
Cr Kylie Grzybek		
Cr Eddy Kontelj		
Cr Sarah Mansfield		
Cr Jim Mason		
Cr Belinda Moloney		
Cr Ron Nelson		
Total Number of Councillors	11	12
Chief Executive Officer and other Key Management Personnel		
Chief Executive Officer		
Director City Planning & Economy		
Director City Services		
Director Community Life		
Director Customer & Corporate Services		
Director Strategy, People & Performance		
Total of Chief Executive Officer and other Key Management Personnel	6	8
Total Number of Key Management Personnel	17	20

Greater Geelong City Council
2021-22 Financial Report

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

(c) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

	2022	2021
	\$'000	\$'000
Short-term benefits	2,328	2,445
Long-term benefits	47	50
Post employment benefits	173	184
Termination benefits	-	333
Total	2,548	3,012

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

	2022	2021
	No.	No.
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	8	9
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	-	-
\$60,000 - \$69,999	-	-
\$70,000 - \$79,999	2	-
\$80,000 - \$89,999	-	-
\$90,000 - \$99,999	-	-
\$100,000 - \$109,999	-	1
\$270,000 - \$279,999	-	-
\$280,000 - \$289,999	-	-
\$290,000 - \$299,999	-	4
\$300,000 - \$309,999	-	1
\$310,000 - \$319,999	2	-
\$320,000 - \$329,999	3	-
\$430,000 - \$439,999	-	1
\$450,000 - \$459,999	1	-
\$550,000 - \$559,999	-	1
	17	20

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

(d) Senior Officer Remuneration

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

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

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

Income Range:	2022 No.	2021 No.
\$151,000 - \$159,999	12	10
\$160,000 - \$169,999	8	7
\$170,000 - \$179,999	7	7
\$180,000 - \$189,999	9	8
\$190,000 - \$199,999	4	5
\$200,000 - \$209,999	5	7
\$210,000 - \$219,999	2	3
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	2	2
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	1	1
\$300,000 - \$309,999	1	1
	53	53
Total Remuneration for the reporting year for Seniors Officers included above	9,782	9,961

Note: The FY2021 remuneration figures have been restated to include 5 senior officers whose remuneration was greater than \$151,000 that were missed from FY2021 reporting.

7.2 Related party disclosures

(a) Transactions with related parties

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

- Contributions are paid by the Greater Geelong City Council to the Geelong Regional Library Corporation. (Refer to Note 6.3).
- Payment of \$15.9K were made to Dal Gourmet Café for which a Councillor is the Treasurer on Committee of Management.
- Payment of \$221K was made to William Adam Pty LTD for which a Councillor is the Director
- A close family member of the CEO holds the position of Manager Strategic Engagement at Bethany Group. Bethany Group is a supplier of services to Council, for 2021-22 financial year there were only two transactions to the total value of \$2,535.

(b) Outstanding balances with related parties

There are no outstanding balances in existence with related parties.

(c) Loans to/from related parties

There are no loans in existence with related parties.

(d) Commitments to/from related parties

There are no commitments in existence with related parties.

**Greater Geelong City Council
2021-22 Financial Report****Notes to the Financial Report
For the Year Ended 30 June 2022****Note 8: Managing uncertainties****8.1 Contingent assets and liabilities**

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

(a) Contingent assets

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.

(b) Contingent liabilities

Contingent liabilities are:

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

Superannuation

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

Landfill

Council operates one landfill. Council acknowledges a future obligation for rehabilitation, after care and future contamination liability for its two landfill sites (including Corio landfill which is closed) in accordance with the requirements set out by the Environment Protection Authority. Council is required to provide financial assurance to EPA, this assurance includes the bank guarantee to a value of \$3.7m for the remedial component of both landfills. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

8.2 Change in accounting standards

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

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market Risk

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

Interest rate risk

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

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

- diversification of investment products;
- 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.

(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).

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 0.85%.

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

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are 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:

Greater Geelong City Council
2021-22 Financial Report

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

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.

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

Note 9: Other matters

9.1 Reserves

(a) Asset revaluation reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
2022			
Property			
Land & Buildings	855,376	251,540	1,106,916
	855,376	251,540	1,106,916
Infrastructure			
Roads	250,567	130,702	381,269
Kerb & Channel and Paths	33,353	369,648	403,001
Drainage	257,002	100,980	357,982
	540,922	601,330	1,142,252
Total asset revaluation reserves	1,396,298	852,870	2,249,168
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

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

Greater Geelong City Council
2021-22 Financial Report

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

(b) Other Reserves

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Annual Reallocations	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Car Parking Reserve	200	-	-	-	200
Public Open Space Reserve	7,475	9,423	269	-	16,630
Main Drainage Reserve	-	21	21	-	-
Deferred Works Reserve	27,027	14,303	-	-	41,330
Asset Development Reserve	(240)	-	-	-	(240)
Asset Redevelopment Reserve	209	-	-	-	209
DCP Reserve - Jetty Road Stage 1	(976)	2	(2,377)	(22)	(3,372)
DCP Reserve - Armstrong Creek East Precinct	5,827	8,120	-	-	13,947
DCP Reserve - Armstrong Creek West Precinct	14,388	8,366	3,039	-	19,714
DCP Reserve - Armstrong Creek HBP	(2,783)	8,971	5,433	(625)	131
DCP Reserve - Armstrong Creek Town Centre	(4,575)	-	(523)	-	(4,052)
DCP Reserve - Armstrong Creek South Precinct	231	3,620	-	-	3,851
DCP Reserve - Ocean Grove Growth Area	2,662	168	-	-	2,830
DCP Reserve - Lara West	4,094	2,651	134	-	6,611
Armstrong Creek Public Open Space	4,257	43	-	-	4,300
S173 - Lonsdale Golf Club	67	-	-	-	67
Water Quality Levy	2,601	-	15	-	2,586
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	(315)	139	-	-	(176)
S173 - Wandana Heights Estate	562	-	-	-	562
S173 - Clifton Springs DP023	37	-	-	-	37
S173 - Fyansford DP016	186	-	-	-	186
S173 - Drysdale Walk DP024	192	272	-	-	464
S173 Reserve - Trethowan Ave SIFA	-	1,308	-	-	1,308
S173 Reserve - Ash Rd	-	(371)	-	-	(371)
S173 Reserve - Leopold	-	295	-	-	295
S173 Reserve - Portarlington	-	60	-	-	60
DCP Reserve - Central Road Drysdale	-	-	757	-	(757)
Total Other reserves	62,910	57,392	11,522	(647)	108,133
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

Greater Geelong City Council
2021-22 Financial Report

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

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 2020. 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).

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)

	2022	2021
	\$'000	\$'000
Surplus/(deficit) for the year	141,428	141,556
Depreciation/amortisation	73,302	71,869
Profit/(loss) on disposal of property, infrastructure, plant and equipment	3,579	995
Capital works reclassified as expense	16,372	5,772
Other Non Cash Items	-	436
Contributions - Non-monetary assets	(79,321)	(98,699)
Share of net loss of associates	-	74
Finance Costs	2,836	3,084
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(2,607)	(10,239)
(Increase)/decrease in prepayments & accrued income	(1,542)	617
Increase/(decrease) in unearned income	9,450	6,459
Increase/(decrease) in trade and other payables	4,710	820
(Decrease)/increase in other liabilities	(260)	(27)
(Increase)/decrease in inventories	(614)	21
Increase/(decrease) in provisions	(287)	2,526
Net cash provided by/(used in) operating activities	167,046	125,263

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 the Comprehensive Income Statement when they are made or due.

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

Defined benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined 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 Greater Geelong City Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

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

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

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

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

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

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

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

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

Employer contributions

(a) Regular contributions

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

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

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

(b) Funding calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2021 interim actuarial investigation

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

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

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

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

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

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

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

**Greater Geelong City Council
2021-22 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2022**

The 2022 interim actuarial investigation

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

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2022 \$'000	20021 \$'000
Vision super	Defined benefits	10.0% (2021:9.5%)	710	717
Vision super	Accumulation	10.0% (2021:9.5%)	7,846	7,709

Council has not paid unfunded liability payments to Vision Super during the 2021/22 year and during the 2020/21 year.

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

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$705K

Note 10: Change in accounting policy

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

THE GREATER GEELONG CITY COUNCIL

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

PERFORMANCE STATEMENT

For the year ended 30 June 2022

Description of municipality

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 over 270,000 people, which is expected to increase to more than 393,000 by 2041 – growth of over 45 per cent¹.

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, coastline, 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 \$15.42 billion², 120,031 local jobs² and 19,604 businesses³.

Local labour market conditions are strong with unemployment at historic lows of 2.5 per cent, 1.7 points lower than the Victorian rate and 1.9 points lower than Australia³. Job advertisements and demand for labour are at record highs, with 10,500 new jobs advertised in the June 2022 quarter⁴.

Overview the year ended 30 June 2022

Due to the ever-changing landscape of the COVID-19 pandemic, we continued to be flexible, agile and responsive in our approach to the needs of our community. The relative easing of restrictions saw a return to services for our community in line with the Victorian Government directives.

We continued to support local residents and in particular, local businesses, adopting a seventh COVID support package worth just over \$2.0 million in November 2021. The latest package included business support, support for the arts, culture and heritage sector, financial relief, and health and wellbeing support. Our ongoing response to the pandemic continues to be well-regarded by the community, rating higher than the Victorian average, according to the 2022 Local Government Community Satisfaction Survey.

As part of the 2021–22 budget, Council also committed to a record \$209 million capital works program for the renewal of ageing assets and construction of new facilities to help drive the region's ongoing recovery from the pandemic and meet the needs of a growing population. During 2021–22 we delivered over \$195 million on capital projects, towards our budget commitment.

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.

We also continued to progress construction of Wurriki Nyal, our new civic precinct, which will consolidate our city-based office locations into a single, energy-efficient building, as well as creating an accessible and welcoming public space. Works are progressing well, and the building and landscaping is expected to be completed in July 2022. Employees are expected to move into the building in stages from mid-August 2022.

¹ Source: Population and household forecasts, 2016 to 2041, prepared by .id (informed decisions), May 2019

² Source: National Institute of Economic and Industry Research (NIEIR) ©2021, compiled and presented in economy.id by .id (informed decisions)

³ Source: Australian Bureau of Statistics

⁴ Source: National Skills Commission

Other information

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 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

Where applicable, the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from our information systems, or from third parties, such as the Australian Bureau of Statistics (ABS). In preparing this statement, we utilised March 2022 data published by the ABS.

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the performance statement. Council applied a materiality threshold to all indicators and provided commentary for all indicators regardless of whether the variance was considered to be material.

The forecast figures included in the performance statement are those adopted by council in its annual budget on 28 June 2022. The annual budget 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 annual budget and long-term financial plan are available on the City's website or on request.

SUSTAINABLE CAPACITY INDICATORS**For the year ended 30 June 2022**

INDICATOR/MEASURE		RESULTS				COMMENTS
		2019	2020	2021	2022	
Population						
C1	Expenses per head of population [Total expenses / Population]	\$1,439.94	\$1,554.22	\$1,504.49	\$1,578.97	The easing of COVID-19 restrictions increased expenditure in the 2021–22 financial year. In addition, overall cost increases impacted the delivery of key services.
C2	Infrastructure per head of population [Value of infrastructure / Population]	\$7,080.74	\$7,955.62	\$8,596.71	\$11,311.66	The value of infrastructure assets has increased largely due to higher asset revaluations across our infrastructure, land and building assets.
C3	Population density per length of road [Population / Kilometres of local roads]	111.85	112.28	112.57	114.13	While we add to our local road network every year to meet the needs of our growing population, in 2021–22 the increase in length of local roads was slower than the increase in population.
Own-source revenue						
C4	Own-source revenue per head of population [Own source revenue / Population]	\$1,258.73	\$1,202.83	\$1,197.71	\$1,290.16	As COVID-19 restrictions eased, 'own sourced' revenue increased during the 2021–22 financial year.
Recurrent grants						
C5	Recurrent grants per head of population [Recurrent grants / Population]	\$236.45	\$229.83	\$239.27	\$291.32	The increase in 2021–22 is a result of receiving 75 per cent of the 2022–23 Financial Assistance Grant, 25 per cent higher than the expected 50 per cent received in previous years. We received additional COVID-19 government funding for family services in 2021–22.
Disadvantage						
C6	Relative Socio-Economic Disadvantage [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.

INDICATOR/MEASURE		RESULTS				COMMENTS
		2019	2020	2021	2022	
						We acknowledge there are areas experiencing significant disadvantage and others with low disadvantage within the municipality. New results will be available in 2023.
Workforce turnover						
C7	Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.76%	8.94%	11.08%	15.77%	Our turnover rate has increased over the last two years in line with the national turnover trend. In 2021–22, employees leaving the City cited 'career change' as the main reason for departure. We also experienced an uptick in retirements as employees bring forward their planned retirement likely due to reasons related to the pandemic.

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 2022**

SERVICE/INDICATOR/MEASURE		RESULTS				COMMENTS
		2019	2020	2021	2022	
Aquatic Facilities						
AF6	Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Population]	8.82	6.53	3.32	4.73	In 2021–22, the easing of pandemic restrictions saw an increase in the use of our facilities by our community.
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	100%	100%	100%	We successfully prosecuted the three animal management court cases brought 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	99.32%	98.19%	95.45%	100%	A strong focus on following up all major and critical non-compliances and easing of COVID-19 restrictions resulted in all follow-ups being completed during 2021.

SERVICE/INDICATOR/MEASURE		RESULTS				COMMENTS
		2019	2020	2021	2022	
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]	55	56	59	56	While our community satisfaction score decreased three index points, the score was consistent with previous results. We continue to improve the quality of information and analysis to best support Councillor decision-making.
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	18.20%	17.57%	15.70%	13.98%	Geelong Regional Library Corporation branches were closed for 43 days. Upon reopening, strict density limits were enforced, affecting borrowings. During lock-down, a Click & Collect online ordering service was offered to our community to increase loans of library items. A delivery service was also offered to our more vulnerable community members. The easing of restrictions saw an increase in the number of active borrowers, however numbers were down on pre-pandemic figures. 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	73.17%	73.14%	72.56%	74.40%	The increase in participation rates reflects a return to pre-pandemic Maternal Child and Health service delivery.
MC5	Participation <i>Participation in the MCH service by Aboriginal children</i>	63.39%	76.37%	77.47%	72.02%	From January 2022, the local Aboriginal Co-operative Maternal Child and Health Service began using their own database to record service participation. Families have a choice to attend

SERVICE//INDICATOR//MEASURE		RESULTS				COMMENTS
		2019	2020	2021	2022	
	[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					either the Aboriginal Maternal and Child Health Service or the City's Maternal and Child Health 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]	54	60	62	57	Community satisfaction with sealed roads has decreased in line with the significant increase in the number of requests received. Inclement weather and the impact of the pandemic and flu season has resulted in a shortage of available resources, significantly reducing the City's ability to respond to maintenance issues. Response times to maintenance issues are still aligned to the Road Management Plan. Whilst lower than the last two years, results are above the statewide and Regional Centres average.
Statutory Planning – SD4						
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	64.00%	54.17%	71.79%	72.41%	In the 2021–2022 financial year, VCAT supported 21 of our 29 planning decisions.

SERVICE//INDICATOR//MEASURE		RESULTS				COMMENTS
		2019	2020	2021	2022	
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	54.00%	55.73%	53.87%	52.96%	Since 2018, green waste and recycling as a ratio has been consistent. Green waste tonnages, affected by rainfall patterns and smaller subdivisions producing less green waste, have decreased. The thinner profile of glass, PET plastics and aluminium containers contributed to the reduction in recycling tonnage. Waste tonnage continues to increase due to population growth in new subdivisions.

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

RETIRED		RESULTS				COMMENTS
SERVICE//INDICATOR//MEASURE		2019	2020	2021	2022	
Animal Management						
AM4	Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	19	Retired in 2020	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 2022**

Dimension/Indicator/Measure		Results				Forecasts				Material Variations and Comments
		2019	2020	2021	2022	2023	2024	2025	2026	
Efficiency										
E2	Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,952.67	\$3,193.97	\$3,088.94	\$3,199.59	\$3,188.65	\$3,294.52	\$3,387.76	\$3,465.26	As COVID-19 restrictions ease, the cost of providing our services has increased per property assessment. It is predicted that an increase in expenses will be partially offset by growth in the number of property assessments.
E4	Revenue level <i>Average rate per property</i> [Total rate revenue / Number of property assessments]	New in 2020	\$1,602.56	\$1,639.93	\$1,661.65	\$1,704.46	\$1,778.10	\$1,844.38	\$1,911.84	The average rate per property is forecast to grow in line with the forecast annual rate cap allowance.
Liquidity										
L1	Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	155.09%	112.69%	140.29%	148.04%	219.74%	209.58%	184.42%	184.37%	High cash levels have contributed to the City's strong liquidity levels. Our strong financial position is forecast to increase from 2023, as spending on capital works programs reduce.

		RESULTS				FORECASTS				MATERIAL VARIATIONS
L2	Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	118.83%	75.68%	97.96%	48.08%	198.83%	189.17%	165.60%	164.31%	There was an overall decrease in 2021–22, due to short-term liabilities increasing at a greater rate than levels of unrestricted cash. We forecast an increase to unrestricted cash in the coming years. Note: The prior year and forecast figures include investment as part of unrestricted cash, whereas the 2021–22 results exclude investment figures to be in line with the guidelines.
Obligations										
O2	Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	28.83%	34.31%	45.94%	51.85%	69.51%	68.22%	62.88%	59.34%	In 2021–22, loan values increased to fund part of the Wurriki Nyal construction. Borrowings are forecast to increase to fund large capital projects, including the Northern Aquatic and Community Hub. Our loan levels remain within forecast borrowing limits.
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	4.70%	4.34%	5.29%	4.46%	4.96%	6.48%	6.62%	8.75%	There was a decline in the ratio in 2021–22 due to the timing of loan repayments. Loan repayments are projected to increase as borrowings are used to fund large capital projects.

		RESULTS				FORECASTS				MATERIAL VARIATIONS
O4	Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	23.93%	30.10%	39.46%	41.81%	51.99%	48.89%	44.64%	43.68%	The increase in the ratio is a result of loans secured, contributing to the construction of Wurriki Nyal. We forecast further loan increases to other large capital projects.
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	67.30%	57.65%	68.94%	83.27%	77.12%	67.14%	68.72%	There will be a forecast percentage increase as we commit to invest in renewal of our City assets.
Operating Position										
OP1	Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (or deficit) / Adjusted underlying revenue] x100	5.38%	-3.42%	5.61%	9.33%	13.47%	9.24%	7.32%	5.44%	The 2021–22 operating result increased due to grant revenue and other one-off adjustments. Our forecast is for an on-going surplus.
Stability										
S1	Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	59.50%	61.87%	60.37%	57.58%	57.12%	60.50%	62.32%	64.43%	In 2021–22, the ratio dropped due to increased grant income and higher fees and charges.

		RESULTS				FORECASTS				MATERIAL VARIATIONS
S2	Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.36%	0.33%	0.33%	0.33%	0.34%	0.35%	0.37%	0.38%	Rates revenue and Capital Improved Value increases are forecast to remain stable.

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

RETIRED		RESULTS				MATERIAL VARIATIONS AND COMMENTS
DIMENSION/ <i>INDICATOR</i> /MEASURE		2019	2020	2021	2022	
Efficiency						
E1	Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,585.94	Retired in 2020	Retired in 2020	Retired in 2020	As of 1 July 2019, this measure was replaced by E4.
Obligations						
O1	Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100]	50.36%	Retired in 2020	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 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

Narelle O'Shea CPA
Principal Accounting Officer
Dated: 5 October 2022

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

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

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

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

Councillor Peter Murrihy
Mayor
Dated: 5 October 2022

Councillor Trent Sullivan
Deputy Mayor
Dated: 5 October 2022

Kaarina Phyland
Acting Chief Executive Officer
Dated: 5 October 2022

CITY OF GREATER GEELONG

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

12 October 2022

Doc No: Record Number

Dear Mr Derricott

Re: Representations by the Acting Chief Executive Officer and Principal Accounting Officer in relation to the financial report and performance statement of City of Greater Geelong for the year ended 30 June 2022

This representation letter is provided in connection with your audit of the financial report and performance statement of Council for the year ended 30 June 2022. 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 2020* and *Local Government (Planning and Reporting) Regulations 2020*.
- performance statement presents fairly in accordance with the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

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 26 May 2021, for the preparation of the financial report in accordance with Australian Accounting Standards and the requirements of *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020* 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 the council have been kept in accordance with the *Local Government Act 2020*, where applicable.

¹ [ASA 580 Written Representations](#)

4. The effects of uncorrected misstatements are not material, 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 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*.

Investments in associates

9. We have undertaken an assessment of our contractual arrangements to determine whether they are investments classified as associates as per the requirements of AASB 128 *Investments in Associates and Joint Ventures*. Our assessment has not identified any joint arrangements that require accounting as per AASB 128 *Investments in Associates and Joint Ventures*.

Fraud disclosure

10. 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
11. We are not aware of any actual or suspected fraud affecting Council 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
12. 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 Council 's financial report communicated by employees, former employees, analysts, regulators or others⁶.

Internal control

13. 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

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](#)

⁶ [ASA 240.39\(d\)](#)

⁷ [ASA 240.39\(b\)](#)

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.

Formal representations from outsourced services provider

14. We acknowledge that responsibility for the financial management and accountability of Greater Geelong City Council remains with the accountable officer. Accordingly, we have obtained formal representation from the management of Database Consultants Australia (DCA) confirming that no significant internal control or governance issues have been identified within their overall control environment and application systems that could affect the integrity of our financial transactions and balances for the period.

Legal

15. There are no known or suspected instances of non-compliance with laws or regulations whose effects should be considered when preparing the financial report.
16. There is no known actual or possible litigation and claims whose effects should be considered when preparing the financial report.
17. 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 right of use assets under finance lease, been pledged as collateral.
18. 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.
19. Council has been properly managed in accordance with the requirements of the *Local Government Act 2020*.
20. We have complied with, in all material respects, the requirements of *Local Government Act 2020* for the establishment and keeping of relevant accounts, registers and other appropriate records.

Accounting estimates

21. 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 framework⁸.

Financial statement disclosures

22. 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.

Income and revenue

23. We have determined whether contracts and arrangements are within the scope of AASB 1004 *Contributions*, AASB 15 *Revenue from Contracts with Customers* 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)

24. 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.
25. 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

⁸ [ASA 540 Auditing Accounting Estimates and related disclosures](#)

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.

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.

Related parties and key management personnel

30. We have determined who are the key management personnel of Council in accordance with AASB 124 *Related Party Disclosures* and we are satisfied that our assessment is complete and appropriate.
31. We are satisfied that the compensation paid to key management personnel has been properly reported in note 7.1 to the financial statements in accordance with AASB 124 *Related Party Disclosures* and includes all required components of compensation.
32. We have not identified any significant transactions with government-related entities that would require disclosure in accordance with AASB 124 *Related Party Disclosures*.⁹
33. We are not aware of any non-government related parties (including any controlled entities), related party relationships or transactions which would require disclosure under AASB 124 *Related Party Disclosures*.¹⁰

Senior Officer remuneration

34. We have disclosed the remuneration of all senior officers in note 7.1 as per the requirements of *Local Government (Planning and Reporting) Regulations 2020*. This includes all short-term, post-employment, other long-term benefits and any termination benefits.

Future plans

35. 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.
36. We have no plans or intentions that may materially affect the carrying values or classification of any assets and liabilities.

Going concern

37. 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

⁹ [ASA 550 Related Parties](#)

¹⁰ [ASA 550 Related Parties](#)

38. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report ¹¹.

Preparation of the performance statement

39. We have prepared and presented the performance statement in conformity with the requirements of *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*. We consider the indicators to present fairly the performance of the council.
40. All relevant matters have been recorded in the council's records and are reflected in the performance statement¹².
41. We believe the effects of uncorrected misstatements are not material, both individually and in aggregate, to the performance statement taken as a whole. A list of all uncorrected misstatements is attached to this representation letter (refer Appendix A)¹³.
42. 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 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

43. 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.
44. 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.
45. 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 19 October 2022 and will provide it to you to enable you to complete your required procedures.
46. We have provided you with a copy of the printers' proof of the annual report or will provide a copy to you on 19 October 2022. We plan to publish our annual report on our website on 26 October 2022.

Other matters¹⁵ - COVID 19 or other significant state emergencies

47. 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

¹¹ [ASA 560 Subsequent Events](#)

¹² [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)

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

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

¹⁵ [ASA 580 Written Representations](#)

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.

48. We have placed reliance on the City's engineers to provide an assessment of the useful lives and remaining service potential of certain infrastructure assets, where they have the expertise and knowledge to make such an assessment.
49. We have provided you with all requested information, explanations and assistance for the purposes of the audit.
50. We have provided you with all information required by the *Local Government Act 2020*.

Conclusion

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 final 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 Council.

Yours sincerely

Kaarina Phyland
Acting Chief Executive Officer
12 October 2022

Narelle O'Shea
Principal Accounting Officer
12 October 2022

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 13,667,000 CR 13,667,000	Opening accumulated surplus understated and non-monetary contributions overstated in the current year. Developer contributed land relating to prior year recognised as non-monetary contributions in current year..
Non-current assets held for sale Property, infrastructure, plant and equipment: - Land - Buildings	DR 3,480,000 CR 875,000 CR 2,605,000	Non-current assets held for sale understated and Property, infrastructure assets, plant and equipment overstated as at 30 June 2022. Council approved the sale of land and buildings on 28 June 2022. As at 30 June 2022, these assets were transferred to non-current assets held for sale, however, the amount reclassified: - was only the amount recorded in 2019-20 - excluded the impact of the asset revalue in 2020-21 which resulted in a further increase in the land and buildings value by \$3.4m.

Provided below is a list of the uncorrected **performance statement** misstatements:

Indicator	Adjustment	Underlying cause of difference
Food Safety Indicator no. 4 (FS 4) - Critical and major non-compliance outcome notifications	FS 4 should be adjusted to 98.5% instead of 100% as reported for financial year 2021-22	The Council has excluded two major/critical non-compliances identified in October 2021 and November 2021 from the numerator and denominator calculation on the basis that the follow-up planned for January 2022.

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



Mayor Peter Murrihy, Councillor Trent Sullivan,
Councillors and Acting Chief Executive Officer
The City of Greater Geelong

12 October 2022

Doc No:

Dear Councillors and Acting Chief Executive Officer

Re: Representations by the Principal Accounting Officer and the Acting Chief Financial Officer in relation to the financial report and performance statement of City of Greater Geelong for the year ended 30 June 2022.

This representation letter is provided in connection with the audit of the financial report and performance statement of Council for the year ended 30 June 2022. The audit is undertaken for the purpose of the auditors 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 2020* and *Local Government (Planning and Reporting) Regulations 2020*.
- performance statement presents fairly in accordance with the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

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 26 May 2021, for the preparation of the financial report in accordance with Australian Accounting Standards and the requirements of *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020* 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 the council have been kept in accordance with the *Local Government Act 2020*, where applicable.
4. The effects of uncorrected misstatements are not material, 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 the auditors 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 they have requested from us for the purpose of the audit
 - c. unrestricted access to persons within the council from whom the auditors 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 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*.

Investments in associates

9. We have undertaken an assessment of our contractual arrangements to determine whether they are investments classified as associates as per the requirements of AASB 128 *Investments in Associates and Joint Ventures*. Our assessment has not identified any joint arrangements that require accounting as per AASB 128 *Investments in Associates and Joint Ventures*.

Fraud disclosure

10. 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

¹ [ASA 580 Written Representations](#)

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](#)

11. We are not aware of any actual or suspected fraud affecting Council 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
12. 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 Council's financial report communicated by employees, former employees, analysts, regulators or others⁶.

Internal control

13. 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 the auditors details of all deficiencies in internal control of which we are aware.

Formal representations from outsourced services provider

14. We acknowledge that responsibility for the financial management and accountability of Greater Geelong City Council remains with the accountable officer. Accordingly, we have obtained formal representation from the management of Database Consultants Australia (DCA) confirming that no significant internal control or governance issues have been identified within their overall control environment and application systems that could affect the integrity of our financial transactions and balances for the period.

Legal

15. There are no known or suspected instances of non-compliance with laws or regulations whose effects should be considered when preparing the financial report.
16. There is no known actual or possible litigation and claims whose effects should be considered when preparing the financial report.
17. 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 right of use assets under finance lease, been pledged as collateral.
18. 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.
19. Council has been properly managed in accordance with the requirements of the *Local Government Act 2020*.
20. We have complied with, in all material respects, the requirements of *Local Government Act 2020* for the establishment and keeping of relevant accounts, registers and other appropriate records.

Accounting estimates

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

⁶ [ASA 240.39\(d\)](#)

⁷ [ASA 240.39\(b\)](#)

21. 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 framework⁸.

Financial statement disclosures

22. 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.

Income and revenue

23. We have determined whether contracts and arrangements are within the scope of AASB 1004 *Contributions*, AASB 15 *Revenue from Contracts with Customers* 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)

24. 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.
25. 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.
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.

Related parties and key management personnel

⁸ [ASA 540 Auditing Accounting Estimates and related disclosures](#)

30. We have determined who are the key management personnel of Council in accordance with AASB 124 *Related Party Disclosures* and we are satisfied that our assessment is complete and appropriate.
31. We are satisfied that the compensation paid to key management personnel has been properly reported in note 7.1 to the financial statements in accordance with AASB 124 *Related Party Disclosures* and includes all required components of compensation.
32. We have not identified any significant transactions with government-related entities that would require disclosure in accordance with AASB 124 *Related Party Disclosures*.⁹
33. We are not aware of any non-government related parties (including any controlled entities), related party relationships or transactions which would require disclosure under AASB 124 *Related Party Disclosures*.¹⁰

Senior Officer remuneration

34. We have disclosed the remuneration of all senior officers in note 7.1 as per the requirements of *Local Government (Planning and Reporting) Regulations 2020*. This includes all short-term, post-employment, other long-term benefits and any termination benefits.

Future plans

35. 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.
36. We have no plans or intentions that may materially affect the carrying values or classification of any assets and liabilities.

Going concern

37. 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

38. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report ¹¹.

Preparation of the performance statement

39. We have prepared and presented the performance statement in conformity with the requirements of *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*. We consider the indicators to present fairly the performance of the council.
40. All relevant matters have been recorded in the council's records and are reflected in the performance statement¹².
41. We believe the effects of uncorrected misstatements are not material, both individually and in aggregate, to the performance statement taken as a whole. A list

⁹ [ASA 550 Related Parties](#)

¹⁰ [ASA 550 Related Parties](#)

¹¹ [ASA 560 Subsequent Events](#)

¹² [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)

of all uncorrected misstatements is attached to this representation letter (refer Appendix A)¹³.

42. 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 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

43. 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.
44. 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.
45. 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 19 October 2022 and will provide it to the auditor to enable them to complete their required procedures.
46. We have provided the auditors with a copy of the printers' proof of the annual report or will provide a copy to the auditors on 19 October 2022. We plan to publish our annual report on our website on 26 October 2022.

Other matters¹⁵ - COVID 19 or other significant state emergencies

47. We have provided the auditors 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 the auditors of information on all procedures and controls arising as a result of the pandemic. We have notified the auditors 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 the auditors with our most current mitigation plans and forecasts. We have considered the impact of COVID -19 and

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

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

¹⁵ [ASA 580 Written Representations](#)

confirm the going concern basis is appropriate. All impacts from COVID-19 are properly reflected in the financial report.

48. We have placed reliance on the City's engineers to provide an assessment of the useful lives and remaining service potential of certain infrastructure assets, where they have the expertise and knowledge to make such an assessment.
49. We have provided the auditors with all requested information, explanations and assistance for the purposes of the audit.
50. We have provided the auditors with all information required by the *Local Government Act 2020*.

Conclusion

We understand that the auditors 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 final report and performance statement of the council taken as a whole, and that their tests of the financial records and other auditing procedures were limited to those which they considered necessary for that purpose.

This letter is provided for Council on behalf of management.

Yours sincerely

Narelle O'Shea
Acting Chief Financial Officer
15 October 2022

Gayatri Baskaran
Coordinator Financial Reporting
15 October 2022

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 13,667,000 CR 13,667,000	Opening accumulated surplus understated and non-monetary contributions overstated in the current year. Developer contributed land relating to prior year recognised as non-monetary contributions in current year..
Non-current assets held for sale Property, infrastructure, plant and equipment: - Land - Buildings	DR 3,480,000 CR 875,000 CR 2,605,000	Non-current assets held for sale understated and Property, infrastructure assets, plant and equipment overstated as at 30 June 2022. Council approved the sale of land and buildings on 28 June 2022. As at 30 June 2022, these assets were transferred to non-current assets held for sale, however, the amount reclassified: - was only the amount recorded in 2019-20 - excluded the impact of the asset revalue in 2020-21 which resulted in a further increase in the land and buildings value by \$3.4m.

Provided below is a list of the uncorrected **performance statement** misstatements:

Indicator	Adjustment	Underlying cause of difference
Food Safety Indicator no. 4 (FS 4) - Critical and major non-compliance outcome notifications	FS 4 should be adjusted to 98.5% instead of 100% as reported for financial year 2021-22	The Council has excluded two major/critical non-compliances identified in October 2021 and November 2021 from the numerator and denominator calculation on the basis that the follow-up planned for January 2022.

CLOSE OF MEETING

As there was no further business the meeting closed at 5.55pm on Wednesday 12 October 2022.

Signed: _____

Cr Peter Murrihy (Mayor)

Date: _____