

MINUTES

COUNCIL MEETING

Tuesday 19 September 2023
6:00 pm

City Hall
57 Little Malop Street, Geelong 3220

LIVE STREAMED ON THE CITY'S WEBSITE:

www.geelongaustralia.com.au/meetings

COUNCIL:

Cr T Sullivan (Bellarine Ward) - Mayor
Cr A Aitken (Windermere Ward) - Deputy Mayor
Cr E Wilkinson (Bellarine Ward)
Cr J Mason (Bellarine Ward)
Cr M Cadwell (Brownbill Ward)
Cr E Kontelj (Brownbill Ward)
Cr P Murrihy (Brownbill Ward)
Cr B Harwood (Kardinia Ward)
Cr B Moloney (Kardinia Ward)
Cr R Nelson (Kardinia Ward)
Cr S Hathway (Windermere Ward)

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Present: Crs T Sullivan (Mayor), A Aitken, M Cadwell, B Harwood, S Hathway, E Kontelj, J Mason, P Murrihy, B Moloney

Also Present: A Wastie (Chief Executive Officer), D Schultz (Chief Financial Officer), T Bradley (Acting Executive Director Customer and Corporate Services), J Hurse (Acting Executive Director City Planning and Economy), V Allan (Chief Legal Counsel, Governance & Risk Officer), J Douglas (Acting Manager Governance), P Digby (Municipal Monitor)

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, present and emerging. We acknowledge all Aboriginal and Torres Strait Islander people who are part of our Greater Geelong community today.

1.2. Apologies

Crs E Wilkinson and R Nelson

1.3. Declarations of Conflicts of Interest

Nil

2. REPORTS

2.1. Preparation of the 2022-23 Annual Report - Draft Financial Statements and Draft Performance Statement

Source: Strategy, Governance and Corporate
Chief Financial Officer: Darren Schultz

Purpose

1. To approve in principle the audited financial statements (**Attachment 1**) and the draft performance statement (**Attachment 2**) for the Annual Financial Report 2022-23.
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 2022-23 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 13 September 2023 meeting and recommends that Council 'approve in principle' these statements subject to the completion of all audit procedures.
8. The ARC would like to acknowledge the work done by the 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 2023 despite challenging circumstances.
9. Following the ARC Meeting held on 13 September 2023 VAGO concluded that the statements were 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 two Councillors authorised by Council (refer Section 99(3) of the Act).

RESOLUTION - Item 2.1

Cr Sullivan moved, Cr Aitken 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 2022-23 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:**
 - 2.1 the Chair of the Audit and Risk Committee must be consulted prior to making any amendments to the Statements; and**
 - 2.2 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 Sullivan and Cr Aitken and the Chief Executive Officer to certify that 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 2023.

Community Engagement

12. The 2022-23 audited financial statements and the performance statement will be available to the public as part of the published 2022-23 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.
17. This report aligns with the Community led 30-year Vision, "Greater Geelong: A Clever and Creative Future" community aspiration:

Conflict of Interest

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

Risk Assessment

19. The 2022-23 draft financial statements are subject to sign off by the Auditor-General.
20. The ARC will be presented with a signed copy of the Annual Report, including the audited statements.

Environmental Sustainability

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

Attachments

1. Annual Financial Report for the Year Ended 30 June 2023 [**2.1.1** - 60 pages]
2. Performance Statement for the Year Ended 30 June 2023 [**2.1.2** - 13 pages]
3. Management Representation Letter To Councillors CEO and ARC [**2.1.3** - 7 pages]
4. Management Representation Letter To VAGO [**2.1.4** - 8 pages]

Greater Geelong City Council ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2023

**Greater Geelong City Council
Financial Report
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Greater Geelong City Council
2022-23 Financial Report

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.

Darren Schultz
Principal Accounting Officer

Date : 19th September 2023

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 2023 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 T Sullivan
Councillor

Dated : 19th September 2023
Geelong

Cr A Aitken
Councillor

Date : 19th September 2023
Geelong

Ali Wastie
Chief Executive Officer

Date : 19th September 2023
Geelong

**Greater Geelong City Council
2022-23 Financial Report**

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Greater Geelong City Council
2022-23 Financial Report

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Greater Geelong City Council
2022-23 Financial Report

Comprehensive Income Statement
For the Year Ended 30 June 2023

	Note	2023 \$'000	Restated* 2022 \$'000
Income / Revenue			
Rates and charges	3.1	286,177	274,660
Statutory fees and fines	3.2	15,562	13,743
User fees	3.3	64,812	54,599
Grants - operating	3.4(a)	77,763	76,331
Grants - capital	3.4(b)	22,779	20,527
Contributions - monetary	3.5	38,131	43,086
Contributions - non monetary	3.5	91,819	122,536
Net gain on disposal of property, infrastructure, plant and equipment	3.6	17,205	-
Share of net profits of associates and joint ventures	6.3	510	-
Other income	3.7	4,445	4,707
Total income / revenue		619,202	610,188
Expenses			
Employee costs	4.1(a)	187,407	176,299
Materials and services	4.2	156,780	136,466
Depreciation	4.3	79,496	70,190
Amortisation - intangible assets	4.4	1,554	387
Amortisation - right of use assets	4.5	1,205	2,725
Bad and doubtful debts - allowance for impairment losses	4.6	1,066	769
Borrowing costs	4.7	2,375	2,866
Finance costs - leases	4.8	186	60
Other expenses	4.9	34,482	31,996
Net loss on disposal of property, infrastructure, plant and equipment	3.6	-	3,579
Share of net losses of associates and joint ventures	6.3	-	208
Total expenses		464,550	425,545
Surplus/(deficit) for the year		154,652	184,644
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	9.1(a)	218,933	852,871
Total other comprehensive income		218,933	852,871
Total comprehensive result		373,586	1,037,514

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

*for details regarding restated balances, please refer to Note 11

Greater Geelong City Council
2022-23 Financial Report

Balance Sheet
As at 30 June 2023

	Note	2023 \$'000	Restated* 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	87,244	100,455
Trade and other receivables	5.1(c)	14,440	22,713
Other financial assets	5.1(b)	50,860	45,151
Inventories	5.2(a)	1,291	1,706
Prepayments	5.2(b)	4,761	2,567
Non-current assets classified as held for sale	6.1	11,439	19,827
Other assets	5.2(b)	2,211	3,209
Total current assets		172,246	195,627
Non-current assets			
Trade and other receivables	5.1(c)	12,435	11,478
Investments in associates, joint arrangements and subsidiaries	6.3(a)	9,629	9,119
Property, infrastructure, plant and equipment	6.2	4,703,445	4,335,187
Right-of-use assets	5.8	7,229	1,038
Intangible assets	5.2(c)	12,176	2,063
Total non-current assets		4,744,913	4,358,884
Total assets		4,917,159	4,554,511
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	37,554	41,357
Trust funds and deposits	5.3(b)	14,050	12,540
Unearned income/revenue	5.3(c)	21,724	25,029
Provisions	5.5	40,096	38,789
Interest-bearing liabilities	5.4	13,024	14,062
Lease liabilities	5.8	1,284	369
Total current liabilities		127,731	132,146
Non-current liabilities			
Provisions	5.5	18,675	18,645
Interest-bearing liabilities	5.4	114,036	126,030
Lease liabilities	5.8	6,132	692
Total non-current liabilities		138,843	145,367
Total liabilities		266,574	277,513
Net assets		4,650,585	4,276,998
Equity			
Accumulated surplus		2,061,835	1,919,696
Reserves	9.1	2,588,749	2,357,303
Total Equity		4,650,584	4,276,998

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

*for details regarding restated balances, please refer to Note 11

Greater Geelong City Council
2022-23 Financial Report

Statement of Changes in Equity
For the Year Ended 30 June 2023

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000	Total Reserves \$'000
2023						
Balance at beginning of the financial year		4,276,998	1,919,696	2,249,168	108,134	2,357,303
Surplus/(deficit) for the year		154,652	154,652	-	-	-
Net asset revaluation increment/(decrement)	9.1(a)	218,933	-	218,933	-	218,933
Transfers to other reserves	9.1(b)	-	(50,953)	-	50,953	50,953
Transfers from other reserves	9.1(b)	-	38,439	-	(38,439)	(38,439)
Balance at end of the financial year		4,650,584	2,061,835	2,468,101	120,648	2,588,749

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000	Total Reserves \$'000
*Restated 2022						
Balance at beginning of the financial year - restated		3,239,485	1,780,277	1,396,298	62,910	1,459,208
Surplus/(deficit) for the year		184,643	184,643	-	-	-
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		4,276,998	1,919,696	2,249,168	108,134	2,357,303

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

*for details regarding restated balances, please refer to Note 11

Greater Geelong City Council
2022-23 Financial Report

Statement of Cash Flows
For the Year Ended 30 June 2023

		2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		286,177	268,309
Statutory fees and fines		15,561	14,771
User fees		64,812	40,946
Grants - operating		77,763	83,739
Grants - capital		22,779	46,225
Contributions - monetary		38,131	43,086
Interest received		4,035	688
Trust funds and deposits taken		5,090	5,032
Net GST refund/payment		24,387	23,286
Employee costs		(190,045)	(177,319)
Materials and services		(191,262)	(174,433)
Short-term, low value and variable lease payments		(1,448)	(2,035)
Trust funds and deposits repaid		(3,911)	(5,248)
Net cash provided by/(used in) operating activities	9.2	152,070	167,046
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(173,914)	(195,738)
Proceeds from sale of property, infrastructure, plant and equipment		31,095	12,828
Payments for investments		(76,602)	(59,329)
Proceeds from sale of investments		70,773	91,414
Net cash provided by/(used in) investing activities		(148,648)	(150,825)
Cash flows from financing activities			
Finance costs		(2,375)	(2,778)
Proceeds from borrowings		-	32,300
Repayment of borrowings		(13,032)	(9,276)
Interest paid - lease liability		(186)	(57)
Repayment of lease liabilities		(1,040)	(2,868)
Net cash provided by/(used in) financing activities		(16,634)	17,320
Net increase (decrease) in cash and cash equivalents		(13,212)	33,542
Cash and cash equivalents at the beginning of the financial year		100,455	66,913
Cash and cash equivalents at the end of the financial year	5.1(a)	87,244	100,455
Financing arrangements	5.6		

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

Greater Geelong City Council
2022-23 Financial Report

Statement of Capital Works
For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Property			
Land		6,950	12,780
Buildings		87,373	80,066
Heritage buildings		9	-
Total property		94,331	92,846
Plant and equipment			
Plant, machinery and equipment		4,922	3,782
Computers and telecommunications		5,987	6,829
Total plant and equipment		10,909	10,611
Infrastructure			
Roads		20,929	24,799
Bridges		75	-
Footpaths and cycleways		8,185	9,942
Drainage		6,140	7,485
Recreational, leisure and community facilities		15,629	11,482
Waste management		1,269	1,834
Parks, open space and streetscapes		2,798	31,966
Other infrastructure		13,988	4,774
Total infrastructure		69,013	92,281
Total capital works expenditure		174,254	195,738
Represented by:			
New asset expenditure		122,007	147,346
Asset renewal expenditure		43,913	36,368
Asset upgrade expenditure		8,334	12,024
Total capital works expenditure		174,254	195,738

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

Greater Geelong City Council
2022-23 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

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

1.1 Basis of accounting

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

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.

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.

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not AASB 1059 Service Concession Arrangements: Grantors is applicable
- other areas requiring judgements

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

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Greater Geelong City Council
2022-23 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

Note 2 ANALYSIS OF OUR RESULTS

2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 % or \$16.1million where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

2.1.1 Income / Revenue and expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	284,193	286,177	1,984	1%	
Statutory fees and fines	15,884	15,562	(322)	-2%	
User fees	61,474	64,812	3,338	5%	
Grants - operating	64,921	77,763	12,842	20%	1
Grants - capital	30,843	22,779	(8,064)	-26%	2
Contributions - monetary	51,502	38,131	(13,371)	-26%	3
Contributions - non monetary	90,000	91,819	1,819	2%	
Net gain on disposal of property, infrastructure, plant and equipment	15,458	17,205	1,746	11%	4
Share of net profits of associates and joint ventures	-	510	510	100%	5
Other income	4,071	4,445	373	9%	
Total income / revenue	618,348	619,202	855	0%	
Expenses					
Employee costs	189,217	187,407	1,810	1%	
Materials and services	127,454	156,780	(29,327)	-23%	6
Depreciation	76,360	79,496	(3,136)	-4%	
Amortisation - intangible assets	387	1,554	(1,167)	-301%	7
Amortisation - right of use assets	385	1,205	(820)	-213%	8
Bad and doubtful debts - allowance for impairment losses	1,038	1,066	(28)	-3%	
Borrowing costs	3,497	2,375	1,122	32%	9
Finance costs - leases	27	186	(160)	-598%	10
Other expenses	32,103	34,482	(2,379)	-7%	
Total expenses	430,467	464,550	(34,083)	-8%	
Surplus/(deficit) for the year	187,880	154,652	(33,228)	-18%	

Greater Geelong City Council
2022-23 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

(i) Explanation of material variations

1	Grants operating	100% of the 2023-24 Financial Assistance Grant was received in FY2022-23 and was higher than budget assumptions of \$8.6million. Council exceeded expectations with the delivered amount of Home Care Packages of \$1.3m. The decision by the State Government to fully fund 3 year-old kindergarten resulted in increased grants \$0.7million.
2	Grants capital	The timing of project delivery and subsequent income recognition varied to budget assumptions for Drysdale Sporting Precinct Master Plan implementation (\$4.2m) and Northern Aquatic and Community Hub (\$3.6m).
3	Contribution monetary	Contribution levies are received for various development schemes within the municipality with lower than budgeted expectations of \$13.4million driven in the areas of Armstrong Creek - Horseshoe Bend & Armstrong Creek - West Precinct.
4	Net gain on disposal of property, infrastructure, plant and equipment	Sale of Council's key assets identified in the 2022-23 financial year budget, exceeded sale value predictions.
5	Share of net profits of associates and joint ventures	Share of equity from Geelong Regional Library Corporation, primarily relating to the library collection for the new Drysdale Library.
6	Material and services	The movement is due to increase in contractor costs driven by inflation for services in kerbside recycling, home care packages, contract management and animal pound services (\$3.87m), offset with savings in building maintenance (\$2.41). Increase is also driven by current and prior year capital write-off.
7	Amortisation - intangible assets	\$1.167million amortisation costs related to capitalised digital modernisation project.
8	Amortisation - right of use assets	The renewal of a 10 year lease for Ariston child care and 5 year lease of Moolap waste transfer station, increased the right of use assets and amortisation costs.
9	Borrowing costs	Due to capitalisation of borrowing costs on qualifying assets.
10	Finance costs - leases	The renewal of 10 year lease for Ariston child care and 5 year lease of Moolap waste transfer station, resulted in increased lease liability and finance costs.

Greater Geelong City Council
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Notes to the Financial Report
For the Year Ended 30 June 2023

2.1.2 Capital works

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	4,380	6,950	2,570	59%	1
Total land	4,380	6,950	2,570	59%	
Buildings	94,861	87,373	(7,488)	-8%	
Heritage buildings	2,200	9	(2,191)	-100%	
Total buildings	97,061	87,381	(9,680)	-10%	2
Total property	101,441	94,331	(7,110)	-7%	
Plant and equipment					
Plant, machinery and equipment	5,228	4,922	(306)	-6%	
Fixtures, fittings and furniture	199	-	(199)	-100%	
Computers and telecommunications	2,990	5,987	2,997	100%	
Total plant and equipment	8,417	10,909	2,492	30%	3
Infrastructure					
Roads	25,201	20,929	(4,272)	-17%	
Bridges	1,140	75	(1,065)	-93%	
Footpaths and cycleways	10,328	8,185	(2,143)	-21%	
Drainage	9,147	6,140	(3,007)	-33%	
Recreational, leisure and community facilities	28,295	15,629	(12,666)	-45%	
Waste management	1,538	1,269	(269)	-17%	
Parks, open space and streetscapes	2,877	2,798	(79)	-3%	
Other infrastructure	18,109	13,988	(4,121)	-23%	
Total infrastructure	96,635	69,013	(27,622)	-29%	4
Total capital works expenditure	206,493	174,254	(32,239)	-16%	
Represented by:					
New asset expenditure	137,685	122,007	(15,678)	-11%	
Asset renewal expenditure	51,013	43,913	(7,100)	-14%	
Asset upgrade expenditure	17,795	8,334	(9,461)	-53%	
Total capital works expenditure	206,493	174,254	(32,239)	-16%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Delays in the land acquisition schedule in FY2021-22 year against planned timelines with favourable variance in FY2021-22 year. The planned schedule continued into FY2022-23 with unfavourable variance to budget.
2	Building	The movement is due to significant shift in the cost to deliver projects, due to rising costs, supply chain challenges and limited availability of resources in the construction sector. As a result, a number of projects are mostly delayed or on hold.
3	Plant and Equipment	Supply chain issues with the purchase of light and heavy vehicles has led to lower expenditure in FY 2022-23. Deferred expenditure for Digital modernisation and audio visual for Civic Precinct in FY2021-22, led to timing variance in 2022-23, and higher expenditure.
4	Infrastructure	The movement is due to a significant shift in the cost to deliver projects. This is due to rising costs, inflation, and the financial uncertainty, specifically, construction sector costs climbed throughout the financial year, creating a shortfall in the Council's previously budgeted four year capital projects program. As a result, some projects that had previously been committed to, are on hold and the cost for others has increased.

Greater Geelong City Council**2022-23 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2023****2.2 Analysis of Council results by program**

Council delivers its functions and activities through the following programs.

2.2.1 Finance and Strategy**Chief Executive**

Incorporates governance, corporate communications with administration of the office of the Chief Executive provides effective oversight of the organisation.

City Planning and Economy (Planning and Design from May 2023)

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 Infrastructure from May 2023)

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

Community Life (Community Service Delivery from May 2023)

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, Community and Economy from May 2023)

Customer and corporate services provides efficient, effective and proactive support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes finance services, digital information and technology, property and procurement, business process improvement, integrity and risk and legal services.

Strategy, People and Performance (Strategy, Governance and Corporate from May 2023)

Responsible for people and performance, health, safety & wellbeing, and change management to align with Council strategy in order to meet the needs of the growing community.

Greater Geelong City Council
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Notes to the Financial Report
For the Year Ended 30 June 2023

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

	Income / Revenue	Expenses	Surplus/(De ficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Customer and Corporate Services	15,122	53,381	(38,259)	-	380,486
City Planning & Economy	47,224	56,042	(8,817)	88	153,030
Community Life	82,145	104,801	(22,656)	48,334	883,845
City Services	147,461	202,420	(54,959)	18,140	3,499,799
Chief Executive	147	4,700	(4,553)	-	-
Strategy, People & Performance	327,105	43,205	283,899	33,979	-
	619,203	464,550	154,654	100,542	4,917,159

	Income / Revenue	Expenses	Surplus/(De ficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
Restated					
2022					
Customer and Corporate Services	343,925	53,626	290,299	30,991	474,783
City Planning & Economy	57,261	49,706	7,556	4,881	187,990
Community Life	88,390	116,052	(27,662)	43,488	929,014
City Services	120,370	185,388	(65,018)	17,467	2,962,724
Chief Executive	242	8,449	(8,207)	29	-
Strategy, People & Performance	0	12,324	(12,324)	-	-
	610,189	425,545	184,644	96,857	4,554,511

Greater Geelong City Council**2022-23 Financial Report**

Notes to the Financial Report
For the Year Ended 30 June 2023

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES**3.1 Rates and charges**

2023	2022
\$'000	\$'000

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 2022-23 was \$ 103.33 billion (2021-22 \$79.39 billion).

General rates	226,066	217,122
Waste management charge	53,892	48,238
Special rates and charges	86	4,453
Supplementary rates and rate adjustments	4,892	3,877
Interest on rates and charges	1,167	896
Revenue in lieu of rates	74	73
Total rates and charges	286,177	274,660

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2022, and the valuation will be first applied in the rating year commencing 1 July 2022.

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	3,388	2,955
Court recoveries	646	480
Town planning fees	3,208	3,375
Land information certificates	1,984	2,355
Permits	6,334	4,577
Total statutory fees and fines	15,562	13,743

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

3.3 User fees

Aged and health services	2,606	2,979
Leisure centre and recreation	19,654	10,747
Child care/children's programs	6,562	6,711
Parking	7,668	5,992
Building services	3,473	5,680
Waste management services	16,159	14,697
National Wool Museum	707	360
Parks	291	179
Rental and leasing	2,933	2,295
Road works	315	461
Planning	708	1,508
Other fees and charges	3,737	2,990
Total user fees	64,812	54,599

User fees by timing of revenue recognition

User fees recognised over time	-	-
User fees recognised at a point in time	64,812	54,599
Total user fees	64,812	54,599

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.

*Greater Geelong City Council***2022-23 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023	2022
	\$'000	\$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	73,227	65,636
State funded grants	27,315	31,221
Total grants received	100,542	96,857
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial assistance grants	33,299	30,991
Family day care	10,514	11,101
General home care	17,981	18,923
Other	1,036	738
<i>Recurrent - State Government</i>		
Aged care	1,744	1,406
School crossing supervisors	1,079	991
Family services	9,311	9,095
Environment	166	81
Community development	1,315	944
Other	1,319	2,061
Total recurrent operating grants	77,763	76,331
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	2,184	2,184
Total recurrent capital grants	2,184	2,184
<i>Non-recurrent - Commonwealth Government</i>		
Roads	956	-
IT	200	-
Recreation	7,058	1,701
<i>Non-recurrent - State Government</i>		
Roads	1,377	3,276
IT	480	291
Recreation	9,706	8,705
Buildings	10	2,625
Other	808	1,745
Total non-recurrent capital grants	20,595	18,343
Total capital grants	22,779	20,527

Greater Geelong City Council

2022-23 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

(c) Recognition of grant income

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

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

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

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

	2023 \$'000	2022 \$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	33,299	30,991
Specific purpose grants to acquire non-financial assets	22,779	20,527
Other specific purpose grants	31,293	25,713
Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>		
Specific purpose grants	13,171	19,627
	100,542	96,857

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

Balance at start of year	7,281	8,539
Received during the financial year and remained unspent at balance date	4,182	2,684
Received in prior years and spent during the financial year	(2,533)	(3,942)
Balance at year end	8,929	7,281

Capital

Balance at start of year	17,101	6,766
Received during the financial year and remained unspent at balance date	4,236	17,101
Received in prior years and spent during the financial year	(8,794)	(6,766)
Balance at year end	12,542	17,101

Unspent grants are determined and disclosed on a cash basis.

Greater Geelong City Council
2022-23 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

	2023	Restated *
	\$'000	2022 \$'000
3.5 Contributions		
Monetary	38,131	43,086
Non-monetary	91,819	122,536
Total contributions	129,951	165,622

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

Land	22,923	52,503
Buildings	172	1,960
Roads	21,099	12,650
Other infrastructure	47,625	55,423
Total non-monetary contributions	91,819	122,536

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

	2023	2022
	\$'000	\$'000
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	31,095	12,828
Written down value of assets disposed	(13,890)	(16,406)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	17,205	(3,579)

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	4,039	688
Other	405	4,019
Total other income	4,445	4,707

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
2022-23 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

	2023	2022
	\$'000	\$'000
Note 4 THE COST OF DELIVERING SERVICES		
4.1 (a) Employee costs		
Wages and salaries	162,123	151,927
WorkCover	3,298	3,253
Casual staff / supplementary labour	3,582	4,496
Superannuation	16,024	14,541
Fringe benefits tax	442	478
Other	1,938	1,605
Total employee costs	187,407	176,299

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	654	710
	654	710
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	9,038	7,846
Employer contributions - other funds	7,353	6,726
	16,392	14,572
Employer contributions payable at reporting date.	-	-

Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

Materials	7,742	7,293
Contract payments	58,587	47,881
Building maintenance	7,422	8,347
Plant / equipment / vehicle costs	6,186	5,528
Utilities	9,401	8,912
Office administration	7,407	5,906
Information technology	6,666	4,316
Insurance	2,755	3,325
Levies	10,307	9,484
Geelong Regional Library Corporation funding agreement contribution	12,002	11,261
Consultants	8,458	7,840
Capital works reclassified as expense	19,848	16,372
Total materials and services	156,780	136,466

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

Greater Geelong City Council**2022-23 Financial Report**

Notes to the Financial Report
For the Year Ended 30 June 2023

	2023	2022
	\$'000	\$'000
4.3 Depreciation		
Property	12,056	12,846
Plant and equipment	6,489	6,786
Infrastructure	60,951	50,558
Total depreciation	79,496	70,190

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

4.4 Amortisation - Intangible assets

Computer software	1167	-
Other -landfill airspace	387	387
Total Amortisation - Intangible assets	1,554	387

4.5 Amortisation - Right of use assets

Property	1,010	2,532
Vehicles	49	48
Other	146	146
Total Amortisation - Right of use assets	1,205	2,725

4.6 Bad and doubtful debts - allowance for impairment losses

Parking fine debtors	785	591
Other debtors	281	178
Total bad and doubtful debts - allowance for impairment losses	1,066	769

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	17,586	18,603
New provisions recognised during the year	930	941
Amounts already provided for and written off as uncollectible	(15)	(1,951)
Amounts provided for but recovered during the year	(11)	(7)
Balance at end of year	18,490	17,586

An allowance for impairment losses in respect of debtors 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**2022-23 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023	2022
	\$'000	\$'000
4.7 Borrowing costs		
Interest - borrowings	3,955	2,866
Less capitalised borrowing costs on qualifying assets	(1,580)	-
Total borrowing costs	2,375	2,866

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	186	60
Total finance costs	186	60

4.9 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals

	174	115
Auditors' remuneration - internal audit	168	148
Councillors' allowances	445	459
Contributions	4,497	3,580
Waste disposal and recycling	16,710	16,128
Marketing, promotion and advertising	1,264	1,772
Events and functions	1,070	777
Operating lease rentals	1,448	2,016
Security	1,212	788
Memberships and subscriptions	904	821
Licences, fees and permits	765	716
Grants	3,083	2,570
Others	2,741	2,106
Total other expenses	34,482	31,996

Greater Geelong City Council
2022-23 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

Note 5 OUR FINANCIAL POSITION	2023	2022
5.1 Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	130	150
Cash at bank	87,114	100,305
Total cash and cash equivalents	87,244	100,455
(b) Other financial assets		
Current		
Term deposits - current	50,860	45,151
Total current other financial assets	50,860	45,151
Total other financial assets	50,860	45,151

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
2022-23 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

	2023	2022
	\$'000	\$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	4,396	4,403
Provision for doubtful debts - rates	(472)	(465)
Infringement debtors	13,681	12,765
Provision for doubtful debts - infringements	(12,264)	(11,479)
Net GST receivable	2,928	2,992
<i>Non statutory receivables</i>		
Other debtors including landfill, leasing and permits	11,923	20,139
Provision for doubtful debts - other debtors	(5,754)	(5,642)
Total current trade and other receivables	14,440	22,713
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	3,371	4,091
Long term rates	8,966	7,289
<i>Non statutory receivables</i>		
Loans and advances to community organisations	98	98
Total non-current trade and other receivables	12,435	11,478
Total trade and other receivables	26,874	34,190

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.

(d) Ageing of Receivables

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

Current (not yet due)	1,393	11,567
Past due by up to 30 days	-	-
Past due between 31 and 180 days	4,717	2,795
Past due between 181 and 365 days	105	183
Past due by more than 1 year	53	50
Total trade and other receivables	6,267	14,594

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$5.8m (2022: \$5.6m) were impaired. The amount of the provision raised against these debtors was \$5.8m (2022: \$5.6m). 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:

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	274	284
Past due between 181 and 365 days	203	723
Past due by more than 1 year	5,277	4,635
Total trade & other receivables	5,754	5,642

Greater Geelong City Council

2022-23 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

5.2 Non-financial assets**(a) Inventories****Current**

Inventories held for distribution

Inventories held for sale

Total inventories**2023****\$'000**

1,013

279

1,291**2022****\$'000**

1,432

274

1,706

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

Accrued income

Total other assets

4,761

2,211

6,972

2,567

3,209

5,776**(c) Intangible assets**

Software

Landfill air space

Total intangible assets

10,500

1,676

12,176

-

2,063

2,063**Software****Landfill Airspace****Total****\$'000****\$'000****\$'000****Gross carrying amount**

Balance at 1 July 2022

Additions from internal developments

Balance at 30 June 2023

-

11,667

11,667

3,777

-

3,777

3,777

11,667

15,444**Accumulated amortisation and impairment**

Balance at 1 July 2022

Amortisation expense

Balance at 30 June 2023

-

(1,167)

(1,167)

(1,714)

(387)

(2,101)

(1,714)

(1,554)

(3,267)

Net book value at 30 June 2022

Net book value at 30 June 2023

-

10,500**2,063****1,676****2,063****12,176**

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.

Greater Geelong City Council**2022-23 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023	2022
5.3 Payables, trust funds and deposits and unearned income/revenue	\$'000	\$'000
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	16,356	17,574
Prepaid Income (includes rates and leisure services)	1,214	1,128
Accrued expenses	19,984	22,655
Total current trade and other payables	37,554	41,357
(b) Trust funds and deposits		
Current		
Refundable deposits	11,352	10,173
Fire services levy	2,697	2,367
Total current trust funds and deposits	14,050	12,540
(c) Unearned income/revenue		
Current		
Grants received in advance - operating	8,929	7,280
Grants received in advance - capital	12,542	17,101
Other	253	648
Total current unearned income/revenue	21,724	25,029

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.

Greater Geelong City Council

2022-23 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

5.4 Interest-bearing liabilities

	2023 \$'000	2022 \$'000
Current		
Borrowings - secured	13,024	14,062
Total current interest-bearing liabilities	13,024	14,062
Non-current		
Borrowings - secured	114,036	126,030
Total non-current interest-bearing liabilities	114,036	126,030
Total	127,060	140,092

Borrowings are secured by the Council rate base

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

Not later than one year	13,024	14,062
Later than one year and not later than five years	114,036	60,475
Later than five years	-	65,554
	127,060	140,092

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

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

5.5 Provisions

	Employee	Landfill restoration	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2023				
Balance at beginning of the financial year	36,393	16,683	4,358	57,434
Additional provisions	22,966	-	1,699	24,664
Amounts used	(23,327)	-	-	(23,327)
Balance at the end of the financial year	36,031	16,683	6,056	58,771
<i>Provisions - current</i>	33,984	124	5,988	40,096
<i>Provisions - non-current</i>	2,048	16,559	68	18,675
2022				
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
<i>Provisions - current</i>	34,375	124	4,289	38,789
<i>Provisions - non-current</i>	2,018	16,559	68	18,645

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**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	12,109	11,861
Long service leave	2,127	2,130
Other	140	138
	14,376	14,129
Current provisions expected to be wholly settled after 12 months		
Annual leave	919	1,227
Long service leave	18,689	19,020
	19,608	20,247
Total current employee provisions	33,984	34,375
Non-current		
Long service leave	2,048	2,018
Total non-current employee provisions	2,048	2,018
Aggregate carrying amount of employee provisions:		
Current	33,984	34,375
Non-current	2,048	2,018
Total aggregate carrying amount of employee provisions	36,031	36,393

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:	2023	2022
- discount rate	3.98%-4.37%	2.38%-3.51%
- wage inflation rate	4.35%	3.10%

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**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023	2022
	\$'000	\$'000
(b) Landfill restoration		
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.

Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

Key assumptions:	2023	2022
- discount rate	4.063%	3.83%-3.865%
- estimated cost to rehabilitate (undiscounted)	20,173	20,012

(c) Other provisions

Current		
Other provisions	5,988	4,289
Non-Current		
Developer contribution liabilities	68	68
	6,056	4,358

(d) Provisions Total

Current	40,096	38,789
Non-current	18,675	18,645
	58,771	57,434

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2023.

Bank overdraft	5,000	5,000
Credit card facilities	550	550
Total facilities	5,550	5,550
Unused facilities	5,452	5,550

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Notes to the Financial Report For the Year Ended 30 June 2023

5.7 Commitments

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

(a) Commitments for expenditure

	Later than 2 years and not later than 5 years				Total
	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Operating					
IT	355	-	-	-	355
Recycling and waste management	5,850	1,336	1,319	-	8,505
Facilities maintenance	605	259	-	-	864
Open space and parks management	715	-	-	-	715
Consultancies	268	60	-	-	327
Cleaning contracts for council buildings	3,448	3,448	3,167	-	10,063
Roads	561	385	160	-	1,106
Environmental services	1,579	160	-	-	1,739
Other	2,891	697	-	-	3,588
Total	16,272	6,345	4,646	-	27,263
Capital					
Buildings	38,711	-	-	-	38,711
Drainage	201	-	-	-	201
Other	6,595	54	-	-	6,650
Total	45,508	54	-	-	45,562
2022					
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

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For the Year Ended 30 June 2023**
(b) Operating lease receivables**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:

	2023	2022
	\$'000	\$'000
Not later than one year	1,643	1,716
Later than one year and not later than five years	4,218	3,908
Later than five years	1,576	1,843
	7,437	7,467

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;
- Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- Council has the right to direct the use of the asset.

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

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

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

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

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

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

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

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

Under AASB 16 Leases, Council as a not-for-profit entity has elected not to 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.

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Right-of-Use Assets	Property	Vehicles	Other	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	564	49	425	1,038
Additions	7,396	-	-	7,396
Amortisation charge	(1,010)	(49)	(146)	(1,205)
Balance at 30 June 2023	6,950	(0)	279	7,229

Lease Liabilities	2023	2022
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,522	1,091
One to five years	4,952	742
More than five years	1,745	-
Total undiscounted lease liabilities as at 30 June:	8,219	1,834
Lease liabilities included in the Balance Sheet at 30 June:		
Current	1,284	369
Non-current	6,132	692
Total lease liabilities	7,416	1,061

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.

	2023	2022
	\$'000	\$'000
Expenses relating to:		
Short-term leases	1,444	2,035
Leases of low value assets	4	3
Total	1,448	2,038

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

Note 6 ASSETS WE MANAGE	2023	2022
6.1 Non current assets classified as held for sale	\$'000	\$'000
Cost of acquisition	11,439	19,827
Total non current assets classified as held for sale	11,439	19,827

Capitalisation rate used in the allocation of borrowing costs	0%	0%
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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.

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6.2 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

Summary of property, infrastructure, plant and equipment

	Restated Carrying amount 30 June 2022							Assets Held for Sale and Intangible	Carrying amount 30 June 2023
	\$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Writeoff and Adjustment \$'000	Transfers \$'000	\$'000
Property - land	1,146,941	5,804	22,923	52,588	-	(3,830)	(28,759)	1,937	1,191,264
Property - buildings	482,867	3,590	172	23,526	(12,056)	(7,085)	26,706	135,775	648,385
Plant and equipment	27,025	6,288	-	-	(6,489)	(896)	(22)	132	26,037
Infrastructure	2,470,796	5,880	68,725	142,820	(60,951)	(2,078)	1,132	43,891	2,670,215
Work in progress	207,556	153,388	-	-	-	-	-	(181,735)	167,543
	4,335,187	174,950	91,820	218,934	(79,496)	(13,889)	(943)	0	4,703,445

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	107,244	111,077	-	(137,712)	80,609
Plant and equipment	12,329	5,718	-	(11,798)	6,249
Infrastructure	87,983	36,593	-	(43,891)	80,685
Total	207,556	153,388	-	(193,402)	167,543

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(a) Property

	Land - specialised	Land - non specialised	Land under roads	Total Land & Land Improvements	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
Restated											
At fair value 1 July 2022	1,065,167	41,349	40,426	1,146,941	116,744	559,896	3,536	3,853	684,028	107,244	1,938,214
Accumulated depreciation at 1 July 2022	-	-	-	-	(51,868)	(143,883)	(2,743)	(2,667)	(201,161)	-	(201,161)
	1,065,167	41,349	40,426	1,146,941	64,876	416,013	793	1,185	482,867	107,244	1,737,053
Movements in fair value											
Additions	5,804	-	-	5,804	-	3,590	-	-	3,590	111,077	120,471
Contributions	18,213	-	4,710	22,923	-	172	-	-	172	-	23,095
Revaluation	46,683	3,660	2,245	52,588	(1,482)	21,481	3,527	-	23,526	-	76,114
Disposal	(3,282)	(548)	-	(3,830)	(7,538)	(2,973)	(13)	-	(10,524)	-	(14,353)
Adjustments	(31,170)	(1,212)	-	(32,382)	4,085	17,770	(259)	-	21,596	-	(10,786)
Transfers - assets held for sale	(2,155)	(560)	-	(2,715)	-	-	-	-	-	-	(2,715)
Transfers - work in progress	1,937	-	-	1,937	-	135,775	-	-	135,775	(137,712)	(0)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
	36,031	1,339	6,955	44,325	(4,935)	175,815	3,255	-	174,136	(26,635)	191,825
Movements in accumulated depreciation											
Depreciation and amortisation	-	-	-	-	(1,255)	(10,483)	(126)	(192)	(12,056)	-	(12,056)
Accumulated depreciation of disposals	-	-	-	-	2,592	834	13	-	3,439	-	3,439
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	1,337	(9,649)	(113)	(192)	(8,617)	-	(8,617)
At fair value 30 June 2023	1,101,197	42,688	47,380	1,191,266	111,809	735,711	6,791	3,853	858,164	80,609	2,130,039
Accumulated depreciation at 30 June 2023	-	-	-	-	(50,531)	(153,532)	(2,856)	(2,860)	(209,779)	-	(209,779)
Carrying amount	1,101,197	42,688	47,380	1,191,266	61,278	582,180	3,935	993	648,385	80,609	1,920,260

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(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	40,386	16,511	38,212	12,329	107,439
Accumulated depreciation at 1 July 2022	(19,622)	(13,736)	(34,727)	-	(68,085)
	20,764	2,775	3,485	12,329	39,354
Movements in fair value					
Additions	4,533	215	1,539	5,718	12,006
Contributions	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposal	(5,469)	(20)	(342)	-	(5,832)
Write-off and adjustments	(22)	-	-	-	(22)
Transfers	-	-	132	(11,798)	(11,667)
Impairment losses recognised in operating result	-	-	-	-	-
	(958)	195	1,329	(6,080)	(5,514)
Movements in accumulated depreciation					
Depreciation and amortisation	(3,970)	(622)	(1,898)	-	(6,489)
Accumulated depreciation of disposals	4,701	14	220	-	4,936
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	732	(608)	(1,678)	-	(1,553)
At fair value 30 June 2023	39,428	16,707	39,541	6,249	101,925
Accumulated depreciation at 30 June 2023	(18,890)	(14,344)	(36,405)	-	(69,639)
Carrying amount	20,538	2,363	3,136	6,249	32,286

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(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
Restated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	1,089,720	585,036	891,288	326,526	375,491	225,289	117,442	87,983	3,698,774
Accumulated depreciation at 1 July 2022	(392,715)	(156,277)	(195,397)	(83,521)	(148,375)	(90,387)	(73,323)	-	(1,139,994)
	697,005	428,759	695,891	243,005	227,116	134,901	44,119	87,983	2,558,780
Movements in fair value									
Additions	3,060	102	76	2,088	188	367	(0)	36,593	42,473
Contributions	18,716	16,303	23,424	1,993	5,907	2,383	-	-	68,725
Revaluation	25,593	16,696	45,418	46,664	9,430	(981)	-	-	142,820
Disposal	(1,074)	(122)	(1,242)	(186)	(86)	(833)	(54)	-	(3,597)
Write-off and adjustments	945	(1)	788	(602)	-	-	-	-	1,130
Transfers	18,158	4,936	2,422	9,527	3,193	4,081	1,574	(43,891)	0
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	65,398	37,914	70,885	59,485	18,631	5,017	1,520	(7,298)	251,552
Movements in accumulated depreciation									
Depreciation and amortisation	(18,136)	(13,673)	(9,760)	(7,735)	(2,849)	(4,712)	(4,086)	-	(60,951)
Accumulated depreciation of disposals	459	43	206	181	46	563	20	-	1,519
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
	(17,677)	(13,630)	(9,554)	(7,554)	(2,803)	(4,149)	(4,066)	-	(59,432)
At fair value 30 June 2023	1,155,118	622,950	962,173	386,011	394,122	230,306	118,961	80,685	3,950,325
Accumulated depreciation at 30 June 2023	(410,392)	(169,906)	(204,951)	(91,075)	(151,178)	(94,536)	(77,389)	-	(1,199,426)
Carrying amount	744,727	453,043	757,222	294,936	242,944	135,770	41,572	80,685	2,750,899

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Notes to the Financial Report
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Acquisition

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

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

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

Depreciation Period Threshold Limit

Asset recognition thresholds and depreciation periods

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 cycleways	50 years	1,000
Recreation	7-80 years	1,000
Road Other	10-80 Years	1,000
Infrastructure Other	7-100 Years	1,000
Airspace		1,000
Right of use assets	As per lease term	1,000

Land under roads

Council recognises land under roads acquired it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

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For the Year Ended 30 June 2023

Valuation of land and buildings

During 2022-23 a desktop valuation of land was undertaken by Opteon AAPI CPV Member no 63379 and a desktop valuation of buildings was undertaken by Council using the AVP Asset valuation program. 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.

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.

An indexed based revaluation was conducted in the current year, this valuation was based on Victorian ABS index, a full revaluation of these assets will be conducted in accordance with the new Council asset revaluation schedule starting from 2023-24.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Non-specialised land	-	42,688	-	Jun/23	Index
Specialised land	-	-	1,101,197	Jun/23	Index
Land under roads	-	-	47,380	Jun/23	Index
Heritage buildings	-	-	61,278	Jun/22	Index
Specialised buildings	-	-	582,180	Jun/22	Index
Non-specialised buildings	-	3,935	-	Jun/22	Index
Leasehold improvements	-	-	993	Jun/22	Index
Total	-	46,623	1,793,028		

Valuation of infrastructure

An indexed based revaluation was conducted in the current year, this valuation was based on Roads and Bridges Victorian ABS index, a full revaluation of these assets will be conducted in accordance Council asset revaluation schedule starting from 2023-24.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Road (pavement and seal)	-	-	744,727	Jun-23	index
Footpaths and cycleways	-	-	453,043	Jun-23	index
Drainage	-	-	757,222	Jun-23	index
Kerb and channel	-	-	242,944	Jun-23	index
Roads other	-	-	135,770	Jun-22	index
Other infrastructure	-	-	41,572	Jun-23	index
Recreation,leisure and community	-	-	294,936	Jun-23	index
Total	-	-	2,670,214		

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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.

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.

	2023	2022
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	47,380	40,426
Parks and reserves	1,101,197	1,065,167
Total specialised land	1,148,578	1,105,592

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	2023	2022
	\$'000	\$'000

6.3 Investments in associates, joint arrangements and subsidiaries

(a) Investments in associates

Investments in associates accounted for by the equity method are:

Geelong Regional Library Corporation	9,629	9,119
--------------------------------------	-------	-------

Geelong Regional Library Corporation

Background

Principal activity is to provide Library Services to member municipalities. Council holds 88.8% (2021-22 88.3%) of equity in the corporation. Council has four board members on the Board of eight. Council has the ability to influence rather than control its operations. Incorporated in Australia.

Fair value of Council's investment in Geelong Regional Library Corporation	9,629	9,119
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	5,783	5,991
Reported surplus(deficit) for year	510	(208)
Council's share of accumulated surplus(deficit) at end of year	6,293	5,783
Movement in carrying value of specific investment		
Carrying value of investment at start of year	9,119	9,327
Share of surplus(deficit) for year	510	(208)
Carrying value of investment at end of year	9,629	9,119

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.

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Note 7 PEOPLE AND RELATIONSHIPS

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Greater Geelong City Council

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in Note 6.3.

(b) Key Management Personnel

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

Details of KMP at any time during the year are:

		2023	2022
		No.	No.
Councillors	Cr Trent Sullivan (Mayor) -		
	- Mayor from 8 November 2022		
	- Deputy Mayor to 8 November 2022		
	Cr Anthony Aitken (Deputy Mayor)		
	- Councillor to 8 November 2022		
	- Deputy Mayor from 8 November 2022		
	Cr Peter Murrhly		
	- Mayor to 8 November 2022		
	- Councillor from 8 November 2022		
	Cr Bruce Harwood		
	Cr Kylie Grzybek - to 29 May 2023		
	Cr Eddy Kontelj		
	Cr Sarah Mansfield to 14 December 2022		
	Cr Jim Mason		
	Cr Belinda Moloney		
	Cr Stephanie Asher		
	Cr Ron Nelson		
	Cr Melissa Cadwell - from 23 January 2023		
	Cr Sarah Hathaway - from 28 June 2023		
Total Number of Councillors		13	11

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Chief Executive Officer and other Key Management Personnel

Chief Executive Officer

- 1 July to 1 September 2022

- 2 September 2022 to 30 June 2023

Executive Director Planning & Design (formerly Director City Planning & Economy)

Executive City Infrastructure

(formerly Director City Services)

- 1 July 2022 to 3 February 2023

- 6 March 2023 to 30 June 2023

Executive Director Community Service Delivery

(formerly Director Community Life)

Executive Director Customer, Community & Economy

(formerly Director Customer & Corporate Services)

- 1 July 2022 to 28 September 2022

- 29 September 2022 to 30 June 2023

Executive Director Strategy, Governance & Corporate

(formerly Strategy, People & Performance)

Total of Chief Executive Officer and other Key Management Personnel

6

6

Total Number of Key Management Personnel

19

17

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits include termination of employment payments, such as severance packages.

	2023	2022
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	2,264	2,328
Other long-term employee benefits	44	47
Post-employment benefits	159	173
Termination benefits	-	-
Total	2,467	2,548

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

	2023 No.	2022 No.
\$10,000 - \$19,999	2	-
\$30,000 - \$39,999	7	8
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	-	2
\$100,000 - \$109,999	2	-
\$200,000 - \$209,999	1	-
\$240,000 - \$249,999	1	-
\$310,000 - \$319,999	-	1
\$320,000 - \$329,999	1	3
\$330,000 - \$339,999	1	1
\$340,000 - \$349,999	1	-
\$400,000 - \$409,999	1	-
\$450,000 - \$459,999	-	1
	<u>19</u>	<u>17</u>

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$160,000 and who report directly to a member of the KMP. *

	2023 \$	2022 \$
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	4,420	5,456
Other long-term employee benefits	107	14
Post-employment benefits	451	516
Termination benefits	480	-
Total	<u>5,458</u>	<u>5,986</u>

The number of other senior officers are shown below in their relevant income bands:

	2023 No.	2022 No.
Income Range:		
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	3	3
\$180,000 - \$189,999	1	3
\$190,000 - \$199,999	3	4
\$200,000 - \$209,999	5	9
\$210,000 - \$219,999	1	2
\$220,000 - \$229,999	3	3
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999	1	-
\$250,000 - \$259,999	-	3
\$260,000 - \$269,999	1	-
\$270,000 - \$279,999	1	-
\$280,000 - \$289,999	1	-
\$290,000 - \$299,999	1	-
\$300,000 - \$309,999	1	-
\$330,000 - \$339,999	1	-
	<u>24</u>	<u>29</u>

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Note: The 2021-22 remuneration figures have been restated to align with the definition change of senior officer who has management responsibilities and reports directly to the Chief Executive officer and whose total remuneration exceeds \$160,000

* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the Local Government Act 1989.

	2023	2022
	\$'000	\$'000

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties. The transactions were conducted at arms length.

Contributions are paid by the Greater Geelong City Council to the Geelong Regional Library Corporation. Please refer to Note 6.3.

Greater Geelong City Council provides accounting and payroll services to the Geelong Regional Library Corporation for an annual administrative fee. The annual service fee for 2022-23 was \$175K.

175	171
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Payment of \$38.5K was made to Dal Gourmet Cafe for which a Councillor is the Treasurer on Committee of Management.

38.5	15.9
------	------

Payment of \$16.1K was made to William Adam Pty Ltd for which a Councillor is the Director.

16.1	221
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Bethany Group where a close family member of former CEO held the position of Manager Strategic Engagement at Bethany Group in 2021-22 financial year

-	2.5
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229.6	410.4
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(b) Outstanding balances with related parties

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

There are shared services are provided by Greater Geelong City Council on behalf of the Geelong Regional Library Corporation, which is subsequently reimbursed. The outstanding balance as at 30 June 2023 is \$2,103,484 payable by the Geelong Regional Library Corporation

2,103

(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
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For the Year Ended 30 June 2023

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

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

Land Acquisition

As part of planning for new subdivision, Council is required to acquire land for constructing infrastructure assets. The Planning Scheme incorporates public acquisition overlays on land required for public infrastructure. The land acquisition program is approved as part of the Council annual budget and managed in accordance with subdivision planning, execution, and engagement with landowners. At reporting date, Council is in the process of acquiring land for construction of assets for new subdivision.

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.

Liability Mutual Insurance

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

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MAV Workcare

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect participating members.

(c) Guarantees for loans to other entities

There is no underlying loan that is guaranteed by the Council.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

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

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(c) Credit risk

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

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), 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 3.85%.

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.

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Notes to the Financial Report
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8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. (For plant and equipment carrying amount is considered to approximate fair value given short useful lives). 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 one to four years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	Revaluation frequency
Land	rolling cycle of 1 - 4 years
Buildings	rolling cycle of 1 - 4 years
Roads	rolling cycle of 1 - 4 years
Bridges	rolling cycle of 1 - 4 years
Footpaths and cycleways	rolling cycle of 1 - 4 years
Drainage	rolling cycle of 1 - 4 years
Recreational, leisure and community facilities	rolling cycle of 1 - 4 years
Waste management	rolling cycle of 1 - 4 years
Parks, open space and streetscapes	rolling cycle of 1 - 4 years
Other infrastructure	rolling cycle of 1 - 4 years

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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.

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For the Year Ended 30 June 2023**

Note 9 OTHER MATTERS

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2023			
Property			
Land and buildings	1,106,916	76,114	1,183,030
	1,106,916	76,114	1,183,030
Infrastructure			
Roads	381,269	24,612	405,882
Footpaths and cycleways	403,001	26,125	429,126
Drainage	357,982	45,418	403,400
Recreation and open space	-	46,664	46,664
	1,142,253	142,819	1,285,072
Total asset revaluation reserves	2,249,168	218,933	2,468,102
2022			
Property			
Land and buildings	855,376	251,540	1,106,916
	855,376	251,540	1,106,916
Infrastructure			
Roads	250,567	130,702	381,269
Footpaths and cycleways	33,353	369,648	403,001
Drainage	257,002	100,980	357,982
	540,922	601,331	1,142,253
Total asset revaluation reserves	1,396,298	852,871	2,249,168

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

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	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Annual Reallocations \$'000	Balance at end of reporting period \$'000
(b) Other reserves					
2023					
Car parking reserve	200	-	-	-	200
Public open space reserve	16,630	-	10,541	2,854	8,943
Main drainage reserve	-	-	-	-	-
Deferred works reserve	41,330	-	-	-	41,330
Asset development reserve	(240)	-	-	-	(240)
Asset redevelopment reserve	209	-	-	-	209
DCP Reserve - Jetty Road stage 1	(3,371)	-	1,472	-	(4,843)
DCP Reserve - Armstrong Creek East Precinct	13,947	3,784	-	-	17,731
DCP Reserve - Armstrong Creek West Precinct	19,714	4,579	8,461	-	15,833
DCP Reserve - Armstrong Creek HBP	131	6,174	761	625	6,168
DCP Reserve - Armstrong Creek Town Centre	(4,053)	-	5,531	-	(9,584)
DCP Reserve - Armstrong Creek South Precinct	3,851	1,786	-	-	5,638
DCP Reserve - Ocean Grove Growth Area	2,830	123	-	-	2,953
DCP Reserve - Lara West	6,611	3,741	162	-	10,190
Armstrong Creek public open space	4,300	25,972	11,013	-	19,260
S173 - Lonsdale Golf Club	67	-	-	-	67
Water quality levy	2,586	-	-	-	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	(176)	1,288	-	-	1,112
S173 - Wandana Heights Estate	562	-	-	-	562
S173 - Clifton Springs DP023	37	-	-	-	37
S173 - Fyansford DP016	186	-	-	-	186
S173 - Drysdale Walk DP024	464	10	-	-	474
S173 Reserve - Trethowan Ave SIFA	1,308	-	-	-	1,308
S173 Reserve - Ash Rd	(371)	-	-	-	(371)
S173 Reserve - Leopold	295	16	-	-	311
S173 Reserve - Portarlington	60	-	-	-	60
DCP Reserve - Central Road Drysdale	(757)	-	499	-	(1,256)
Total Other reserves	108,134	47,475	38,439	3,479	120,647

Greater Geelong City Council
2022-23 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

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)	(3,371)
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)	-	(4,053)
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 - Portarlinton	-	60	-	-	60
DCP Reserve - Central Road Drysdale	-	-	757	-	(757)
Total Other reserves	62,910	57,392	11,522	(647)	108,134

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).

Greater Geelong City Council
2022-23 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

		Restated
	2023	2022
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	154,652	184,644
Depreciation/amortisation	82,254	73,302
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(17,205)	3,579
Capital works reclassified as expense	19,848	16,372
Contributions - non-monetary assets	(91,819)	(122,536)
Share of net surplus of associates	(510)	-
Finance costs	2,562	2,836
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	7,331	(2,607)
(Increase)/decrease in prepayments and accrued income	(1,196)	(1,542)
(Decrease)/increase in unearned income /revenue	(3,305)	9,450
Increase/(decrease) in trade and other payables	(3,804)	4,710
(Decrease)/increase in other liabilities	1,510	(260)
(Increase)/decrease in inventories	415	(614)
(Decrease)/increase in provisions	1,337	(287)
Net cash provided by/(used in) operating activities	152,069	167,047

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.

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 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10.0%)).

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. A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns 5.7% pa
Salary information 3.5% pa
Price inflation (CPI) 2.8% pa

**Greater Geelong City Council
2022-23 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2023**

As at 30 June 2022, 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 102.2%. The financial assumptions used to calculate the 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

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). Vision Super has advised that the estimated VBI at 30 June 2023 was 104.1%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 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 2022 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 2023, this rate was 10.5% of members' salaries (10.0% in 2021-22). 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 2022 interim 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.

(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 2022 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2022 and the last full investigation was conducted as at 30 June 2020.

**Greater Geelong City Council
2022-23 Financial Report**

**Notes to the Financial Report
For the Year Ended 30 June 2023**

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

	2022	2021
	(Interim)	(Interim)
	\$m	\$m
- A VBI Surplus	44.6	214.7
- A total service liability surplus	105.8	270.3
- A discounted accrued benefits surplus	111.9	285.2

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 2022.

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 2022.

The discounted accrued benefits 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 2022.

The 2023 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 December 2023. The financial assumptions for the purposes of this investigation are:

	2023	2020
	Triennial investigation	Triennial investigation
Net investment return	5.7% pa	5.6% pa
Salary inflation	3.50 %pa	2.50 %pa for the first two years and 2.75%pa thereafter
Price inflation	2.8% pa	2.0% pa

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below:

Scheme	Type of Scheme	Rate	2023 \$'000	2022 \$'000
Vision super	Defined benefits	10.5% (2022:10.0%)	654	710
Vision super	Accumulation	10.5% (2022:10.0%)	9,038	7,846
Other funds	Accumulation	10.5% (2022:10.0%)	7,353	6,726

Council has not paid unfunded liability payments to Vision Super during the 2022-23 year, (2021-22 \$0).

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$650K.

Greater Geelong City Council

2022-23 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2022-23 year.

Note 11 Correction of Prior Period Error

Comparative figures have been restated as result of prior period adjustment in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

This is the impact of found assets from prior periods (\$128 million) relating to periods prior to FY2021-22 a year(s) and (\$43 million) relating to FY2021-22 which may have impacted the Statement of Comprehensive Income and Balance Sheet. The adjustments are changes which need to be made to ensure the year-end Financial Statements are an accurate reflection of the Council's position. The information was not known at the time of completing the FY2021-22 Financial Statements and has only been identified in completing the FY2022-23 Financial Statement. It is likely some of this information comes from prior period FY2021-22 and some from periods prior to FY2021-22. It is not practicable to recreate the information relating to period beyond the prior period (FY2021-22). The disclosure of the changes is through restating FY2021-22 Comprehensive Income Statement and Balance Sheet with values relating to FY2021-22, and restating FY2021-22 opening balance for Balance Sheet and the Statement of Changes to Equity for values relating to periods prior to FY2021-22.

This adjustment reflects characteristics of assets that existed in the prior period, an adjustment to the prior period balances has been made. This is classified as an error in accordance with AASB 108. The prior period adjustment are detailed below, with the Balance Sheet balances as at 30 June 2022 restated as follows.

Greater Geelong City Council
2022-23 Financial Report

(i) Comprehensive Income Statement

	Restated 2022 \$'000	FY 2022 Adjustment 2022 \$'000	As previously reported 2022 \$'000
Income / Revenue			
Rates and charges	274,660	-	274,660
Statutory fees and fines	13,743	-	13,743
User fees	54,599	-	54,599
Grants - operating	76,331	-	76,331
Grants - capital	20,527	-	20,527
Contributions - monetary	43,086	-	43,086
Contributions - non monetary	122,536	43,215	79,321
Other income	4,707	-	4,707
Total income / revenue	610,187	43,215	566,972
Expenses			
Employee costs	176,299	-	176,299
Materials and services	136,466	-	136,466
Depreciation	70,190	-	70,190
Amortisation - intangible assets	387	-	387
Amortisation - right of use assets	2,725	-	2,725
Bad and doubtful debts - allowance for impairment losses	769	-	769
Borrowing costs	2,866	-	2,866
Finance costs - leases	60	-	60
Other expenses	31,996	-	31,996
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
Total expenses	425,545	-	425,545
Surplus/(deficit) for the year	184,642	43,215	141,427
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	852,871	-	852,871
Total other comprehensive income	852,871	-	852,871
Total comprehensive result	1,037,513	43,215	994,298

Greater Geelong City Council
2022-23 Financial Report

(i) Balance Sheet

	Restated	FY 2022 Adjustment	Prior Year Adjustment	As previously reported
	2022 \$'000	\$'000	\$'000	2022 \$'000
Assets				
Current assets				
Cash and cash equivalents	100,455		-	100,455
Trade and other receivables	22,713		-	22,713
Other financial assets	45,151		-	45,151
Inventories	1,706		-	1,706
Prepayments	2,567		-	2,567
Non-current assets classified as held for sale	19,827		-	19,827
Other assets	3,209		-	3,209
Total current assets	195,627		-	195,627
Non-current assets				
Trade and other receivables	11,478		-	11,478
Investments in associates, joint arrangements and subsidiaries	9,119		-	9,119
Property, infrastructure, plant and equipment	4,335,187	43,215	128,004	4,163,968
Right-of-use assets	1,038		-	1,038
Intangible assets	2,063		-	2,063
Total non-current assets	4,358,884		128,004	4,187,665
Total assets	4,554,511		128,004	4,383,292
Liabilities				
Current liabilities				
Trade and other payables	41,357		-	41,357
Trust funds and deposits	12,540		-	12,540
Unearned income/revenue	25,029		-	25,029
Provisions	38,789		-	38,789
Interest-bearing liabilities	14,062		-	14,062
Lease liabilities	369		-	369
Total current liabilities	132,146		-	132,146
Non-current liabilities				
Provisions	18,645		-	18,645
Interest-bearing liabilities	126,030		-	126,030
Lease liabilities	692		-	692
Total non-current liabilities	145,367		-	145,367
Total liabilities	277,513		-	277,513
Net assets	4,276,998		128,004	4,105,779
Equity				
Accumulated surplus	1,919,696		128,004	1,748,477
Reserves	2,357,303		-	2,357,303
Total Equity	4,276,999		128,004	4,105,779

Greater Geelong City Council
2022-23 Financial Report

(ii) Statement of Changes in Equity

Restated 2022	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000	Total Reserves \$'000
Balance at beginning of the financial year - as previously reported	3,111,481	1,652,273	1,396,298	62,910	1,459,208
Non monetary contributions not previously recognised	128,004	128,004	-	-	-
Balance at beginning of the financial year - restated	3,239,485	1,780,277	1,396,298	62,910	1,459,208
Surplus/(deficit) for the year - as previously reported	141,428	141,428	-	-	-
Non monetary contributions not recognised in 2021-22	43,215	43,215	-	-	-
Surplus/(deficit) for the year - restated	184,643	184,643			
Net asset revaluation increment/(decrement)	852,871	-	852,871	-	852,871
Transfers to other reserves	-	(56,746)	-	56,746	56,746
Transfers from other reserves	-	11,522	-	(11,522)	(11,522)
Balance at end of the financial year	4,276,999	1,919,696	2,249,168	108,134	2,357,303

THE GREATER GEELONG CITY COUNCIL

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Description of municipality

The City of Greater Geelong, Victoria's largest regional municipality, is located 75 kilometres southwest of Melbourne and is bounded by the Moorabool Shire in the northwest, Wyndham City Council to the north and the Borough of Queenscliff in the east, Surf Coast Shire and Golden Plains Shire in the west, and Bass Strait to the south.

Covering an area of 1,252 square kilometres, the City of Greater Geelong comprises suburban, coastal and rural areas from the plains of Lara in the north to the rolling hills of Waurn Ponds to the south, Corio Bay to the east and the Barrabool Hills to the west. With over 276,000 people, the population is forecast to grow to more than 396,000 by 2041 – an increase of over 40 per cent¹.

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. Geelong is also the gateway to the world-renowned coastline of south-west Victoria via the Great Ocean Road.

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 \$17.6 billion², 135,562 local jobs² and 21,785 businesses³.

The twelve-month average unemployment rate to March 2023 was 2.7 per cent, an all-time low and 1.0 percentage point lower than Victoria⁴. Demand for labour is strong with over 10,800 job vacancies advertised in the June 2023 quarter, 2.4 per cent higher than the same quarter in 2022⁵.

Overview the year ended 30 June 2023

Supporting capital works projects and progressively increasing spending on existing assets were key features of the Council's 2022-23 budget, which prioritised strong investment in community-focused initiatives and delivering a sustainable financial position.

Council committed to a \$206.5 million capital works program to encourage further private investment and deliver the infrastructure that the region's growing population needs. During 2022-23, we delivered over \$174 million on capital projects, including the Borongook Drysdale Library and the Poa Banyul Community Hub.

We also completed construction of Wurriki Nyal, our new civic precinct, which has consolidated our city-based office locations into a single, energy-efficient building, as well as creating an accessible and welcoming public space.

Significant funding for environmental sustainability led initiatives included investing in renewable energy to power the Northern Aquatic and Community Hub, progressing the conversion of our street lighting to LED and associated smart control technology, renewing open spaces and continuing the development of the 550 hectare Sparrowale Wetlands site.

¹ Source: Population and household forecasts, 2021 to 2041, prepared by .id (informed decisions), January 2023.

² Source: National Institute of Economic and Industry Research (NIEIR) ©2022, compiled and presented in economy.id by .id (informed decisions)

³ Source: Australian Bureau of Statistics

⁴ Source: Jobs and Skills Australia, Small Area Labour Markets, March Quarter 2023.

⁵ Source: Jobs and Skills Australia - Internet Vacancy Index - Regional Data.

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).

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 2023**

		RESULTS				
INDICATOR/MEASURE		2020	2021	2022	2023	COMMENTS
Population						
C1	Expenses per head of population [Total expenses / Population]	\$1,554.22	\$1,504.49	\$1,578.97	\$1,682.45	As the last of COVID-19 restrictions were removed, operations returned to normal and with rapidly increasing inflation overall resulted in overall cost increase to service provided.
C2	Infrastructure per head of population [Value of infrastructure / Population]	\$7,955.62	\$8,596.71	\$11,311.66	\$12,719.94	The value of infrastructure assets has increased largely due to growth in subdivision assets and completion of new builds such as the Boronggook Drysdale Library and Wurriki Nyal Civic Precinct.
C3	Population density per length of road [Population / Kilometres of local roads]	112.28	112.57	114.13	116.46	While we add to our local road network every year to meet the needs of growing population, in 2022–23 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]	\$1,202.83	\$1,197.71	\$1,290.16	\$1,407.78	Operations returning to pre COVID-19 service levels increased 'own sourced' revenue for FY2022–23.
Recurrent grants						
C5	Recurrent grants per head of population [Recurrent grants / Population]	\$229.83	\$239.27	\$291.32	\$289.54	The increase in FY2022–23 is due to receiving 100 per cent of the FY2023–24 Financial Assistance Grant, higher than budget assumptions. Council exceeded expectation with Home Care packages and increased grant for three-year-old kindergarten.
Disadvantage						
C6	Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	6.00	6.00	6.00	6.00	Greater Geelong's Relative Socio-Economic Disadvantage Index from the 2021 Census was in the sixth decile. The first decile indicates the most disadvantaged and the tenth decile indicates the least disadvantaged. We acknowledge that there are areas experiencing significant disadvantage and others with low disadvantage within the municipality.
Workforce turnover						
C7	Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.94%	11.08%	15.77%	14.73%	Our turnover was lower in FY2022–23 compared to FY2021–22. The number of employee departures appears to be stabilising compared to levels during and directly after the pandemic. The City's turnover rate remains well below the local government area average.

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 2023**

SERVICE/INDICATOR/MEASURE		RESULTS				COMMENTS
		2020	2021	2022	2023	
Aquatic Facilities						
AF6	Utilisation Utilisation of aquatic facilities [Number of visits to aquatic facilities / Population]	6.53	3.32	4.73	7.21	The City's leisure centres have continued to build a strong recovery in program growth and in-turn participation from COVID-19 impacts due to increased consumer confidence in public safety and service continuation.
Animal Management						
AM7	Health and safety Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x100	100.00%	100.00%	100.00%	100.00%	We continued to successfully prosecute all matters brought before the court, with four animal management prosecutions in 2022-23.
Food Safety						
FS4	Health and safety Critical and major non-compliance outcome notifications [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	98.19%	95.45%	100.00%	90.76%	Employee turnover and difficulties recruiting during an industry-wide shortage of qualified officers has impeded our ability to meet program targets in 2022. We will continue to provide a prioritised response to critical and major non-compliance notifications.
Governance						
G5	Satisfaction Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	56	59	56	52	While Geelong's performance score for decisions in the interest of the community decreased, it remains comparable with the statewide and Regional Centres results which also declined.

SERVICE/INDICATOR/MEASURE		RESULTS				COMMENTS
		2020	2021	2022	2023	
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	17.57%	15.70%	13.98%	13.41%	There were no major COVID-19 closures or outside factors during 2022–23 to impact this indicator, however, numbers were down on pre-pandemic figures. The indicator measures activity as loans of library collection items. It does not capture other library activity such as children and youth programs, digital literacy programs and literary events, the use of public internet computers, using facilities such as meeting rooms or study areas, or using services such as Wi-Fi, or in library use of collections, which are increasing year on year.
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	73.14%	72.56%	74.40%	73.61%	While participation in our MCH service has decreased slightly, rates are relatively consistent with previous year's results.
MC5	Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	76.37%	77.47%	72.02%	71.62%	There were 222 Aboriginal children enrolled in the City's MCH service, of which 159 attended at least once in the year. Participation levels of Aboriginal children in our MCH service is not expected to increase as a result of families having the choice to attend either the Aboriginal MCH service or the City's MCH service since January 2022.
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]	60.00	62.00	57.00	53.00	The decline in satisfaction is most likely due to multiple extreme rains event across the municipality which resulted in a significant increase in sealed road defects and delayed rectification. Despite this, Geelong still performed significantly better than both statewide and Regional Centres averages which also declined.
Statutory Planning						
SP4	Decision-making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	54.17%	71.79%	72.41%	64.00%	The majority of Council planning decisions (16 out of 25) continue to be upheld at VCAT. While the figure is slightly down from the previous two years, the result will continue to be variable due to the number and types of applications considered by VCAT.

SERVICE/INDICATOR/MEASURE		RESULTS				COMMENTS
		2020	2021	2022	2023	
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	55.73%	53.87%	52.96%	53.21%	A marginal increase in waste diversion occurred in 2022–23 largely due to improvement in recycling processing. Waste tonnage continues to increase due to population growth in new subdivisions.

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, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

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

'Population' means the resident population estimated by council

FINANCIAL PERFORMANCE INDICATORS**For the year ended 30 June 2022**

DIMENSION/INDICATOR/MEASURE		RESULTS				FORECASTS				MATERIAL VARIATIONS AND COMMENTS
		2020	2021	2022	2023	2024	2025	2026	2027	
Efficiency										
E2	Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,193.97	\$3,088.94	\$3,199.59	\$3,339.68	\$3,254.90	\$3,335.53	\$3,449.33	\$3,549.65	As the last of COVID-19 restrictions were removed, operations returned to normal and with rapidly increasing inflation, the cost of providing services has increased significantly. It is possible the increase will be partially offset by growth in the number of rateable properties.
E4	Revenue level <i>Average rate per property</i> [Total rate revenue / Number of property assessments]	\$1,602.56	\$1,639.93	\$1,661.65	\$1,660.37	\$1,736.99	\$1,816.25	\$1,900.32	\$1,975.75	The average rate per property is likely 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	112.69%	140.29%	148.04%	134.85%	136.17%	141.10%	125.43%	142.32%	To support the City's requirement for strong liquidity, it holds more than \$100million in cash and cash equivalents (term deposits). The City's financial position is forecast to be maintained at its current level through FY2023 into FY2024, as investment on capital works program reduces in line with resource availability and broader affordability requirement.
L2	Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	75.68%	97.96%	48.08%	33.34%	68.62%	80.00%	69.99%	80.53%	There was an overall decline in FY2022–23, due to an increase in short-term liabilities compared to unrestricted cash. An increase to unrestricted cash is forecast in the coming years.

DIMENSION/INDICATOR/MEASURE		RESULTS				FORECASTS				MATERIAL VARIATIONS AND COMMENTS
		2020	2021	2022	2023	2024	2025	2026	2027	
Obligations										
O2	Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	34.31%	45.94%	51.85%	44.41%	59.26%	55.38%	52.66%	46.65%	In FY2021–22 loans increased to fund the Wurriki Nyal Civic Precinct construction and other large capital projects, including the Northern Aquatic and Community Hub, the Boronggook Drysdale Library, Northern Bellarine Aquatic Centre, and the Biyal-a Armstrong Creek Library. Loan levels remain within forecast. Borrowings stabilised during FY2022–23 as less debt was required. The rate of borrowing has slowed as these projects are completed and/or are funded via grants.
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	4.34%	5.29%	4.46%	5.39%	7.27%	7.11%	9.46%	6.73%	Loans and interest repayments are likely to increase as borrowings are used to fund capital projects (noted above) and increasing interest impact on debt.
O4	Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	30.10%	39.46%	41.81%	35.72%	48.63%	45.33%	41.43%	38.67%	The change in the ratio is a result of debt required slowing during FY2022–23 as projects complete and/or were funded via grants. Borrowings for FY2024 are forecast to increase by \$70million to fund the forecast capital project program
O5	Asset renewal and upgrade <i>Asset renewal and upgrade expense compared to depreciation</i> [Asset renewal and asset upgrade expenditure / Asset depreciation] x100	67.30%	57.65%	68.94%	65.72%	77.94%	69.30%	65.80%	60.40%	This is likely to improve in FY2024 as Council commit to invest in renewal of our City assets.

Dimension/Indicator/Measure		RESULTS				FORECASTS				Material Variations and Comments
		2020	2021	2022	2023	2024	2025	2026	2027	
Operating Position										
OP1	Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (or deficit) / Adjusted underlying revenue] x100	-3.42%	5.61%	9.33%	8.33%	0.18%	1.62%	0.88%	0.97%	The 2022–23 operating result increased due to grant revenue received early and higher than anticipated, as well as other savings measures implemented in Q3 FY2022–23. FY2023–24 forecast is for a surplus but requires significant savings to be delivered.
S1	Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	61.87%	60.37%	57.58%	56.45%	66.26%	66.63%	67.93%	68.56%	In 2022–23, the ratio dropped due to increased grant income and higher fees and charges. Rates revenue is likely to remain stable.
S2	Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.33%	0.33%	0.33%	0.27%	0.28%	0.30%	0.31%	0.32%	Rates revenue and Capital Improved Value increases are likely to remain stable.

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*.

Darren Schultz

Principal Accounting Officer

Dated: 19 September 2023

In our opinion, the accompanying performance statement of The City of Greater Geelong for the year ended 30 June 2023 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 Trent Sullivan

Mayor

Dated: 19 September 2023

Councillor Anthony Aitken

Deputy Mayor

Dated: 19 September 2023

Ali Wastie

Chief Executive Officer

Dated: 19 September 2023

CITY OF GREATER GEELONG

WADAWURRUNG COUNTRY P: 03 5272 5272
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Mayor Trent Sullivan, Deputy Mayor Anthony Aitken,
Councillors, Members of the Audit and Risk Committee,
Chief Executive Officer Ali Wastie.
The City of Greater Geelong

19 September 2023

Dear Mayor Sullivan, Deputy Mayor Aitken, Councillors, Members of the Audit and Risk Committee and Chief Executive Officer Ali Wastie,

Re: Representations by the Principal Accounting Officer and the Chief Financial Officer (CFO) in relation to the Financial Report and performance statement of The Greater Geelong City Council (City) for the year ended 30 June 2023

This representation letter is provided in connection with the audit of the Financial Report and Performance Statement of City for the year ended 30 June 2023.

The audit is undertaken for the purpose of being able to obtain sufficient and appropriate audit evidence on which to express an opinion as to whether the:

- i. 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.
- ii. Performance Statement presents fairly in accordance with the requirements of the Local Government Act 2020 and Local Government (Planning and Reporting) Regulations 2020.

The CFO (and as the Principal Accounting Officer – CFO) confirm, to the best of my knowledge and belief, the representations made below are based on information available, having made such enquiries as considered necessary to appropriately inform myself on these matters, noting my start date with the City was 20 March 2023.

Preparation of the Financial Report

The responsibilities of CFO have been fulfilled, as set out in the terms of the Audit Engagement dated 19 December 2022, 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 the Financial Report presents fairly, in all material respects.

In particular:

1. The Financial Report has been prepared 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 Report¹.

¹ ASA 580 Written Representations

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 individually 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 1**)².

Access to information

5. The Auditor has been provided with:
 - i. Access to all information of which Management are aware that is relevant to the preparation of the Financial Report such as records, documentation, and other matters,
 - ii. Any additional information the Auditor requested from Management for the purpose of the audit, and
 - iii. Unrestricted access to persons within the City from whom the Auditor determined it necessary to obtain audit evidence³.

Controlled entities

6. A control assessment has been undertaken using the criteria outlined in AASB 10 Consolidated Financial Statements; the assessment has not identified any controlled entities requiring consolidation.

Joint arrangements

7. The Financial Statements have accounted for the investment in the Geelong Regional Library Corporation as a joint arrangement in line with the requirements of AASB 11 Joint Arrangements.

Investments in associates

8. An assessment of contractual arrangements has been undertaken to determine whether there are investments classified as associates as per the requirements of AASB 128 Investments in Associates and Joint Ventures. The assessment has not identified any joint arrangements requiring accounting as per AASB 128 Investments in Associates and Joint Ventures.

Fraud disclosure

9. The results of the assessment of the risk the Financial Report may be materially misstated because of fraud have been disclosed to the Auditor.⁴ Management are not aware of any actual or suspected fraud affecting the City involving:
 - i. Management, and
 - ii. Employees who have significant roles in internal control, or
 - iii. Others where the fraud could have a material effect on the Financial Report.⁵

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

10. Management is not aware of any allegations (to the extent Management are legally able to disclose these in accordance with the requirements of the Independent Broad-based Anti-Corruption Commission Act 2011) of fraud, or suspected fraud, affecting the City's Financial Report communicated by employees, former employees, analysts, regulators, or others.⁶

Internal control

11. Management acknowledges the responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud and/or error.⁷ Management 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. Management have disclosed to the Auditor details of all deficiencies in internal control of which Management are aware.

Formal representations from outsourced services provider

12. Management acknowledge responsibility for the financial management and accountability of the City remains with the City. Accordingly, Management have obtained formal representation from the Management of DCA (Parking infringements) confirming no significant internal control or governance issues have been identified within their overall control environment and application systems which could affect the integrity of the City's financial transactions and balances for the period.

Legal

13. There are no known or suspected instances of non-compliance with laws or regulations whose affects should be considered when preparing the Financial Report.
14. There is no known actual or possible litigation and claims whose effects should be considered when preparing the Financial Report.
15. The City 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, except for right of use assets under finance lease, been pledged as collateral.
16. The council has complied with all aspects of contractual agreements which would have a material effect on the Financial Report in the event of noncompliance.
17. Council has been properly managed in accordance with the requirements of the Local Government Act 2020.
18. Management has 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

19. Management believes the significant assumptions, judgements, methods, and data used in making accounting estimates for inclusion in the Financial Report are reasonable, appropriately supported and, where required, disclosed to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.⁸

Financial statement disclosures

⁶ ASA 240.39(d)

⁷ ASA 240.39(b)

⁸ ASA 540 Auditing Accounting Estimates and related disclosures

20. The Financial Report discloses all significant accounting policies used in the preparation of the Financial Report. Management has 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

21. Management has 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.
22. Management has considered 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.

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

23. Management has 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. Managements fair value assessment did not identify any internal or external events that would trigger a reassessment of the assets' highest and best use.
24. Further, Management confirms the assumptions used in the categorisation of observable and un-observable inputs within the fair value valuation hierarchy are reasonable and have been fully disclosed in accordance with the accounting standards and other applicable financial reporting requirements.
25. Management has applied AASB 16 Leases. Management has assessed whether City contracts are or contain a lease. For City leases Management has recognised on the balance sheet a separate right of use asset (ROU) with an associated lease liability. Management has applied the initial and subsequent measurement ROU asset and lease liability.
26. Management has considered the requirements of AASB 136 Impairment of Assets when assessing the impairment of assets and in ensuring no assets are stated in excess of their recoverable amount.
27. Asset useful lives have been reviewed and Management are satisfied they reflect the assets' expected period of use.
28. 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

29. Management has determined who the key management personnel of the City Council are in accordance with AASB 124 Related Party Disclosures and are satisfied the assessment is complete and appropriate.
30. Management is satisfied the compensation paid to key management personnel has been properly reported in note 7 to the Financial Statements in accordance with AASB 124 Related Party Disclosures and includes all required components of compensation.

31. Management has not identified any significant transactions with government-related entities requiring disclosure in accordance with AASB 124 Related Party Disclosures.⁹
32. Management is 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

33. Management has disclosed the remuneration of all senior officers in note 7 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

34. 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.
35. Management has no plans or intentions that may materially affect the carrying values or classification of any assets and liabilities.

Going concern

36. Management has assessed the City's ability to continue as a going concern and believe there are reasonable grounds to believe the City will be able to pay its debts as and when they fall due.

Subsequent events

37. No events have occurred after the balance date requiring adjustment to, or disclosure in, the Financial Report.¹¹

Preparation of the performance statement

38. Management 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. Management considers the indicators to present fairly the performance of the City.
39. All relevant matters have been recorded in the City's records and are reflected in the performance statement.¹²
40. Management believes 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
41. Management acknowledges responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud and/or error. Management has established and maintained an adequate internal control structure to facilitate the preparation of a reliable Performance Statement. Management have disclosed to the Auditor details of all deficiencies in internal control of which Management are aware.¹⁴

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

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

Publication of the Financial Report

42. With respect to publication of the Financial Report and performance statement in hard copy, Management will ensure:
- i. The Financial Report and performance statement accurately reflects the audited Financial Report and Performance Statement, and
 - ii. The independent Auditor's report will be reproduced accurately and in full.
43. The electronic presentation of the Financial Report and performance statement is Managements responsibility. It includes ensuring 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.
44. The Annual Report may include additional financial and 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 included in the City's Annual Report, Management will inform the Auditor of all the sections/separate documents expected to be issued that may comprise other information.
45. Management will provide the Auditor with a copy of the printers' proof of the Annual Report.

Other matters¹⁵ - COVID 19 or other significant state emergencies

46. Management has provided the Auditor with all information related to the impact of COVID 19 pandemic (and or other state emergencies) on operating results, financial conditions, and cash flows.
47. Management has provided the Auditor with all requested information, explanations, and assistance for the purposes of the audit.
48. Management has provided the Auditor with all information required by the Local Government Act 2020.

Conclusion

49. Management understand the Auditor made their examination in accordance with the Audit Act 1994 and Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an audit opinion on the Financial Report and Performance Statement of the City taken as a whole, and their tests of the financial records and other auditing procedures were limited to those which they considered necessary for that purpose.

Yours sincerely,

DARREN SCHULTZ

Chief Financial Officer and Principal Accounting Officer

19 September 2023

¹⁵ ASA 580 Written Representations

Attachment A

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

Component(s) affected	Amount of adjustment \$	Underlying cause of difference
PIPE – Infrastructure assets Revaluation reserve	Dr 8,924,000 Cr 8,924,000	Revaluation reserve and recreational assets understated due to transposition error in the recreational asset worksheet. As the amount is immaterial and detected at later stage of the audit, the management has chosen to bring the correct values into the accounts only in next financial year.
Financing cost - unwinding interest effect of provision Provision for landfill restoration	Dr 4,069,000 Cr 4,069,000	Financing costs and the provision for landfill restoration understated as the estimated impact of rising costs of goods and services, inflation and changes in discount rates not brought to account. As the amount is immaterial, management plan to update the provision after they review the restoration costs which were estimated more than 3 years ago.
PIPE – Infrastructure assets Non-monetary contributions income	Dr 3,434,000 Cr 3,434,000	Non-monetary contributions income and PIPE understated as gifted asset - The Reserve Estate Stage 3 with statement of compliance dated 28 June 2023 not recognised in current financial year. As the amount is immaterial, management noted as a year-end process to improve and shall recognise this gifted asset in 2023-24.
Provision for employees' benefits –long service leave Employee costs	Dr 1,178,000 Cr 1,178,000	Provision for long service leave and employee costs overstated due to incorrect inflation and discount rate being applied to the calculation.
Depreciation expense – Property Depreciation Expense – Infrastructure Property- Accumulated depreciation Infrastructure – Accumulated depreciation	Dr 237,000 Dr 796,000 Cr 237,000 Cr 796,000	Depreciation expense understated and PIPE overstated. General ledger accounts not aligned with figures per Fixed Assets Register. As the amount is immaterial, management has declined to adjust as the Council is still in the process of updating the fixed assets register.
Amortisation of intangible asset - software Intangible assets – Accumulated amortisation expense	Dr 1,166,000 Cr 1,166,000	Amortisation expense understated and intangible assets overstated. To amortise software capitalised over 5 years instead of 10 years to align to the Council's accounting policy and commonly observed useful life for software. As the amount is immaterial, management has declined to adjust as the Council is of the view that the software will be operative for 10 years.

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



Mr Travis Derricott
Sector Director, Financial Audit
Victorian Auditor-General's Officer

19 September 2023

Via email: travis.derricott@audit.vic.gov.au

Dear Mr Derricott,

Re: Representations by the Chief Executive Officer and Chief Financial Officer in relation to the financial report and performance statement of Greater Geelong City Council for the year ended 30 June 2023

This representation letter is provided in connection with your audit of the financial report and performance statement of Greater Geelong City Council for the year ended 30 June 2023. 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 the *Local Government (Planning and Reporting) Regulations 2020*
- whether the 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 19 December 2022, 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

¹ [ASA 580 Written Representations](#)

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

Access to information

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

Controlled entities

6. We have undertaken a control assessment using the criteria outlined in AASB 10 *Consolidated Financial Statements*. Our assessment has not identified any controlled 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 Greater Geelong City 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.⁴
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*

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](#)

Commission Act 2011) of fraud, or suspected fraud, affecting Greater Geelong City Council financial report communicated by employees, former employees, analysts, regulators or others⁴.

Internal control

13. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud and/or error⁴. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control of which we are aware.

Formal representations from outsourced/shared services provider/s

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 (issuance of parking infringements) and Oracle Fusion-Cloud (SaaS) 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. The 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 the *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 framework⁵.

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

⁵ [ASA 540 Auditing Accounting Estimates and related disclosures](#)

legal form in selecting the appropriate accounting policies and related disclosures for the financial report.

23. The following have been properly recorded and/or disclosed in the financial report:
 - a. arrangements involving restrictions on cash balances and line-of-credit or similar arrangements

Income and revenue

24. 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)

25. 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.
26. 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.
27. 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.
28. 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.
29. Asset useful lives have been reviewed and we are satisfied that they reflect the assets' expected period of use.
30. 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

31. We have determined who are the key management personnel of Greater Geelong City Council in accordance with AASB 124 *Related Party Disclosures* and we are satisfied that our assessment is complete and appropriate.
32. We are satisfied that the compensation paid to key management personnel has been properly reported in Note 7.1(c) to the financial statements in accordance with AASB 124 *Related Party Disclosures*, and includes all required components of compensation.

33. We have not identified any significant transactions with government-related entities that would require disclosure in accordance with AASB 124 *Related Party Disclosures*.⁶
34. 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*.⁶

Remuneration of other senior staff

35. We have disclosed the remuneration of all other senior staff in Note 7.1(d) 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

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

Going concern

38. 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

39. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report⁷.

Preparation of the performance statement

40. 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.
41. All relevant matters have been recorded in the council's records and are reflected in the performance statement⁸.
42. 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)⁸.
43. 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 aware⁸.

Publication of the financial report and performance statement

⁶ [ASA 550 Related Parties](#)

⁷ [ASA 560 Subsequent Events](#)

⁸ [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)

44. 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 reports are reproduced accurately and in full.
45. 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 reports presented on the website are the same as the final signed version of the financial report, the performance statement and independent auditor's reports.
46. 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 reports (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 11 October 2023 and will provide it to you to enable you to complete your required procedures.⁹
47. We have provided you with a copy of the printers' proof of the annual report or will provide a copy to you on 11 October 2023. We plan to publish our annual report on our website on 25 October 2023.

Other matters¹⁰

48. We have provided you with all requested information, explanations and assistance for the purposes of the audit.
49. 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 financial report and performance statement of the council taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

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

Yours sincerely

Ali Wastie
Chief Executive Officer
19 September 2023

Darren Schultz
Chief Financial Officer
19 September 2023

⁹ [ASA 720 The Auditor's Responsibilities Relating to Other Information](#)

¹⁰ [ASA 580 Written Representations](#)

Attachment A

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

Component(s) affected	Amount of adjustment \$	Underlying cause of difference
PIPE – Infrastructure assets Revaluation reserve	Dr 8,924,000 Cr 8,924,000	Revaluation reserve and recreational assets understated due to transposition error in the recreational asset worksheet. As the amount is immaterial and detected at later stage of the audit, the management has chosen to bring the correct values into the accounts only in next financial year.
Financing cost - unwinding interest effect of provision Provision for landfill restoration	Dr 4,069,000 Cr 4,069,000	Financing costs and the provision for landfill restoration understated as the estimated impact of rising costs of goods and services, inflation and changes in discount rates not brought to account. As the amount is immaterial, management plan to update the provision after they review the restoration costs which were estimated more than 3 years ago.
PIPE – Infrastructure assets Non-monetary contributions income	Dr 3,434,000 Cr 3,434,000	Non-monetary contributions income and PIPE understated as gifted asset - The Reserve Estate Stage 3 with statement of compliance dated 28 June 2023 not recognised in current financial year. As the amount is immaterial, management noted as a year-end process to improve and shall recognise this gifted asset in 2023-24.
Provision for employees' benefits –long service leave Employee costs	Dr 1,178,000 Cr 1,178,000	Provision for long service leave and employee costs overstated due to incorrect inflation and discount rate being applied to the calculation.
Depreciation expense – Property Depreciation Expense – Infrastructure Property- Accumulated depreciation Infrastructure – Accumulated depreciation	Dr 237,000 Dr 796,000 Cr 237,000 Cr 796,000	Depreciation expense understated and PIPE overstated. General ledger accounts not aligned with figures per Fixed Assets Register. As the amount is immaterial, management has declined to adjust as the Council is still in the process of updating the fixed assets register.
Amortisation of intangible asset - software Intangible assets – Accumulated amortisation expense	Dr 1,166,000 Cr 1,166,000	Amortisation expense understated and intangible assets overstated. To amortise software capitalised over 5 years instead of 10 years to align to the Council's accounting policy and commonly observed useful life for software. As the amount is immaterial, management has declined to adjust as the Council is of the view that the software will be operative for 10 years.

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

Indicator	Adjustment	Underlying cause of difference

CLOSE OF MEETING

As there was no further business the meeting closed at 6.07pm on Tuesday 19 September 2023.

Signed: _____

Cr Trent Sullivan (Mayor)

Date: _____