

13.1 ANNUAL FINANCIAL AND PERFORMANCE STATEMENTS 2021/2022

Go to 01:43:40 in the meeting recording to view this item.

DIRECTOR ORGANISATIONAL SERVICES

In providing this advice to Council as the Manager Financial Services, I Kathy Fulton have no interests to disclose in this report.

ATTACHMENTS

1. Financial Statements 2021/2022 [**13.1.1** - 56 pages]
2. Performance Statement - 2021/2022 [**13.1.2** - 12 pages]
3. Report of Operations 2021/2022 [**13.1.3** - 4 pages]

EXECUTIVE SUMMARY

The Annual Financial Statements and Performance Statement are still subject to audit clearance however have been finalised to a stage where the draft statements are presented for Councillor consideration, as changes are expected to only be minimal.

Details of the report are included in the key issues section that details Council's performance during the 2021/2022 financial year.

Once the final statements have been approved in principle by Council and signed by the nominated Councillors and the Chief Executive Officer, the independent auditor's report will be received by the Victorian Auditor General's Office (VAGO). These documents will form part of Council's annual report which will be forwarded to the Minister by 31 October 2022.

OFFICER'S RECOMMENDATION

That Council:

1. *Receives and notes the financial statements and performance statement for the year ended 30 June 2022 and recommends the performance statement and financial report to Council for adoption; and*
2. *Notes that once the final statements have been certified by the nominated Councillors and the independent auditor's reports received from VAGO, they will form part of Council's Annual Report which will be forwarded to the Minister by 31 October 2022.*

MOTION

That Council:

1. *Receives and notes the financial statements and performance statement for the year ended 30 June 2022 and recommends the performance statement and financial report to Council for adoption; and*

2. *Notes that once the final statements have been certified by the nominated Councillors and the independent auditor's reports received from VAGO, they will form part of Council's Annual Report which will be forwarded to the Minister by 31 October 2022.*

Moved: Cr Brian Hood

Seconded: Cr Jen Bray

Carried

Voted for: Cr Brian Hood, Cr Don Henderson, Cr Jen Bray, Cr Juliet Simpson, Cr Lesley Hewitt, Cr Tessa Halliday and Cr Tim Drylie

Voted against: Nil

Abstained: Nil

BACKGROUND

Audit

Council Officers prepared an initial draft set of statements for the year ended 30 June 2022. Crowe Australia, as Council's appointed external auditors, conducted an audit of the accounts between 22–26 August 2022.

The Statements are presented by officers and representatives from Crowe Australia have confirmed that an unqualified audit opinion will be issued.

Financial Statements

The Annual Financial Report has been prepared in accordance with the Local Government Better Practice Guide, Model Financial Report and the Local Government Better Practice Guide – Performance Reporting Template. The following statements are contained in the report:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cashflows
- Statement of Capital Works
- Notes to the Financial Statements
- Performance Statement

The financial statements provide information on current and prior year balances and other information as required by accounting standards, the *Local Government Act 2020* and Regulations.

The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures as developed by the Victorian Government under the performance reporting framework.

KEY ISSUES

Financial Statements

Council, like most local governments, is experiencing a challenging fiscal environment with the continuing impacts of the COVID-19 pandemic, two major storm events during the year and the current rising costs in the economy. Although rate capping has been implemented for several years, the impact on rate revenue for small rural councils is still significant.

Council is in a stable financial position, however, will need to closely monitor its financial position and performance over the coming years to ensure it remains in a financially and sustainable position.

Council has adopted that as part of a mid-year review, officers will undertake an organisational service scan by December 2022 to identify opportunities to review operations and projects to ensure Council's ongoing financial sustainability.

A major impact on Councils' financial position during the year was the cost of recovery works following two major storms at Trentham and Creswick. A significant percentage of the recovery costs will be reimbursed through government funding, but Council is forecasting a \$1.7m shortfall in the funding received when the recovery works are completed.

Surplus/Deficit

The operating result for 2021/2022 was a deficit of \$5.6 million.

It is not unusual for Councils to report a deficit, however, sometimes it does not reflect the "true" financial performance and cash position of Council. The 2021/2022 results for Council include several unique items which have had a significant impact on the operating result.

The underlying surplus/deficit can be a better measure of Council's performance and with the adjustment for these unique items Council's underlying result is a smaller deficit for the 2021/2022 financial year.

	2021/2022
	\$'000
Surplus /Deficit for the year	(5,565)
Less non-recurrent capital grants	(3,969)
Less non-monetary contributions	(38)
Adjusted underlying Surplus/(Deficit)	(9,572)
Add back loss on disposal of assets	1,346

Add back Write off of WIP (Work in Progress)	3,562
Storm income received	(4,167)
Storm Expense incurred	7,316
Underlying Surplus/(Deficit) after removal of material one-off items	(1,515)

Income

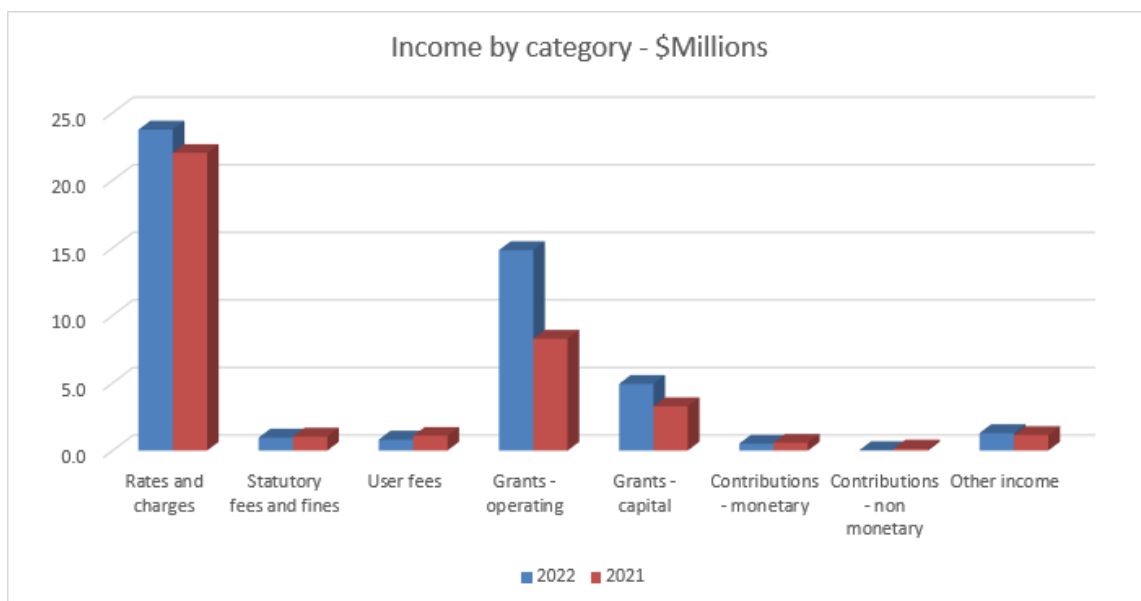
Council receives income from a wide range of sources, including rates, user fees, statutory fees, grants, contributions and other income. The total income received for 2021/2022 was \$47.1M (\$37.6M in 2020/2021) an increase of 25.3%.

Traditional income categories of rates, fees and other income remained constant however an increase in operating grants was due to the early receipt of 75% of the 2022/2023 Financial Assistance Grant allocations. Note three of the financial statements provides a more detailed breakdown against prior year actual.

Explanation of key income movements include:

- Rates and charges increased \$1,718k (7.8%) which is in line with the State Government rate cap, growth and increase in waste charges. Interest on overdue rates of \$258k was charged in 2021/2022 unlike 2020/2021 where this was not charged as a COVID response mechanism.
- User fees and charges decreased by \$277k (25.4%) which was a combination of reduced service levels in aged care, transfer station utilisation decreasing and a reduction in building service fees.
- Operating grants increased by \$6,555K (79.2%). The major increase was grants received for reimbursement of storm recovery costs \$4,681k and early receipt of Financial Assistance Grants \$2,323k.
- Capital grants increased by \$1,661k (50.7%) which was all non-recurrent State capital grants for projects.

The below graph provides the income categories with a comparison of the current year and prior year.



Council's income of \$47.15M was \$6.24M (15%) above budget, which was due to increased operating grants for reimbursement of storm recovery costs, partially offset by operating grants for projects that had not progressed in line with budget. Note 2.1.1 provides analysis of current year performance against budget.

Expenses

Council's total operating expenditure including depreciation for 2021/2022 was \$52.71M. Expenditure relates to the ongoing or operation costs to deliver services that benefit the community. Expenditure categories summarised below include employee costs, materials and services, depreciation and other expenses.

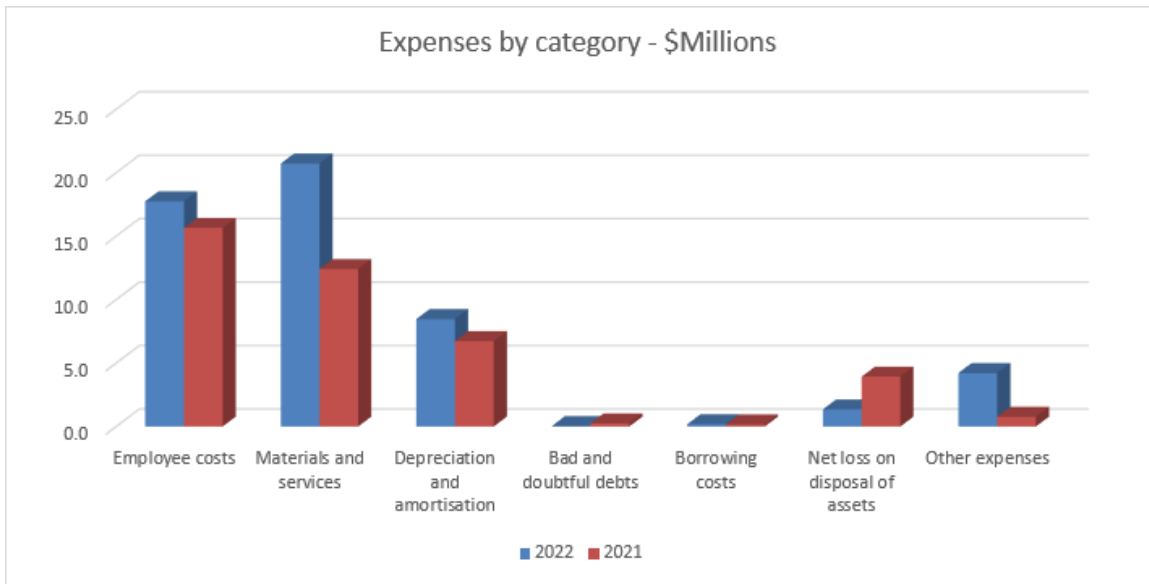
Total operational expenditure has increased significantly from the prior year \$39.83M, an increase of \$12.82M (32%).

Explanation of key expenditure movements include:

- Employee costs increased by \$2.1M (13.3%) which was due to additional staff being employed to work on the storm recovery project \$756k.
- Materials and services increased by \$8.31M (67%) due to costs associated with the storm recovery works \$6.6M.
- Depreciation expense increased by \$1.88M (28%) due to the impact of the land and building revaluation that was completed and the increase capitalisation of new assets.
- Other expenses increased by \$3.44M (450%). This is due to writing off costs previously recorded as Work In Progress with the major write off being costs associated with The Rex.

Total operational expenditure was \$16.89M (47%) above budget due to similar factors outlined above, with two major impacts being storm recovery costs and writing off old work in progress balances.

The below graph provides the expense categories with a comparison of the current and previous financial year.

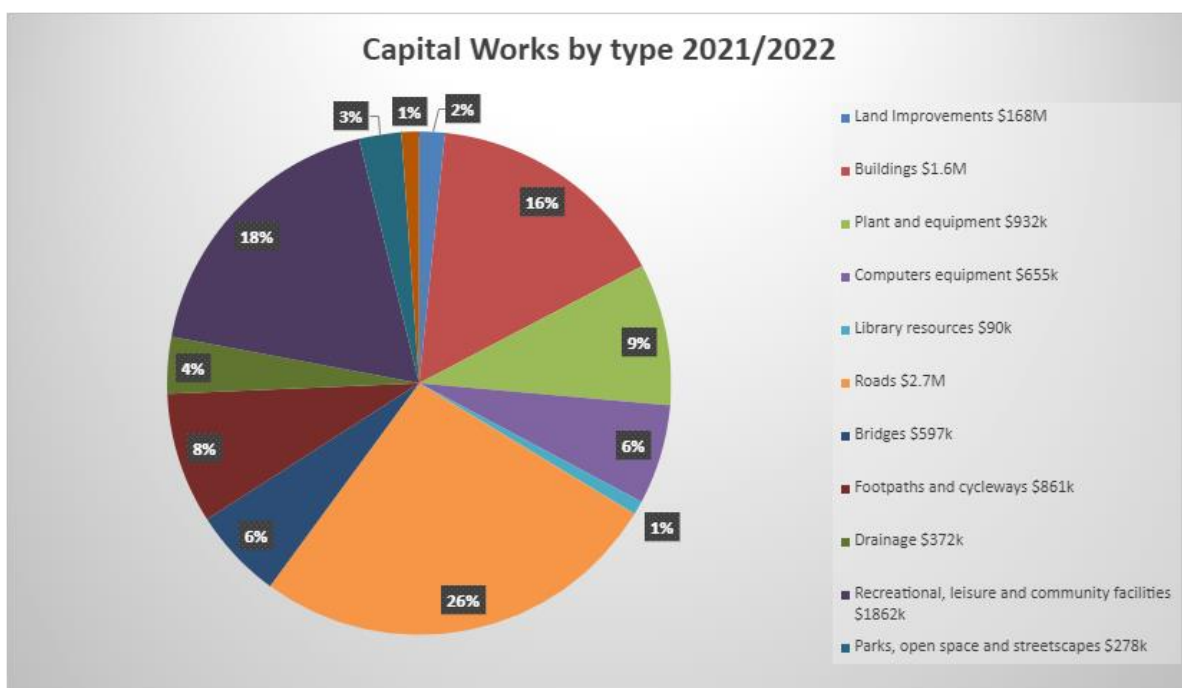


Capital Works

Council delivered \$10.2M of capital works throughout the financial year (\$9.4M in 2020/2021). The most in recent history. The most significant areas of capital investment were on plant and equipment, roads and recreational, leisure and community facilities. The \$10.2M is 87.8% of the total capital works budget for 2021/2022 an increase from the 72.1% that was delivered against budget in 2020/2021.

An estimate of \$5.4M of capital works and \$3.1M of special projects expenditure will be carried forward into 2022/2023 (\$11.60M in 2020/2021) with the intention of completing these projects in 2022/2023. These amounts are based on the budget at 30 June 2022 and may fluctuate due to cost inflation in the construction industry and a changing economic climate.

The following chart illustrates the value of each type of capital works expenditure delivered during 2021/2022.



Financial Sustainability

In 2021/2022 the Victorian Government capped overall rate increases at 1.5%. Council elected not to apply for an exemption to this rate cap and continued to review operations throughout the year to ensure delivery of important services and best value for money for the community.

Reduced revenue and increasing costs mean that it is vital for Council to identify efficiencies and alternative funding opportunities to reduce the reliance of rate revenue. Council relies heavily on support from State and Federal Governments to deliver key infrastructure projects and provide support for other important programs.

Key Sustainability Indicators

The Victorian Auditor General (VAGO) issues several financial sustainability indicators which are used to compare all 79 Councils. The below table provides Council's indicators for 2021/2022. These indicators should be considered collectively and are more useful when assessed over time as part of trend analysis. Council remains mainly in the "low" risk category.

Indicator	Result	Risk Rating	Formula
Underlying result	-24%	High	Adjusted net surplus/ total underlying revenue
Liquidity	1.95:1	Low	Current assets/

			current liabilities
Indebtedness	17%	Low	Non-current liabilities/ own-sourced revenue
Self-financing	21%	Low	Net operating cash flows/ underlying revenue
Capital replacement	121%	Medium	Capital expenditure/ depreciation
Renewal gap	103%	Low	Renewal and upgrade expenditure/ depreciation

Rating per VAGO's risk matrix

Council's underlying result of negative 24% places them in the high-risk category. This is because of unique items that impacted the operating result in 2021/2022. Council has budgeted for an improved position at the end of 2022/2023 with a slightly negative underlying result which then moves to a positive position in subsequent years. Given the current financial climate, this financial performance is reasonable in the short term, but not sustainable long term. Council is reviewing future year results to assist with improving financial viability and acknowledges improvement will be a step process.

It is positive that four indicators remain in the low-risk rating category.

Balance Sheet

Council operates a solid balance sheet as detailed above in the VAGO indicators. Many of the balance sheet line items remained similar, major changes are explained below.

- Cash and other financial assets (term deposits) totalled \$23.8M as at 30 June 2022 which was a decrease of \$2.7M from the previous year. The decrease was due to the delivery of projects for which funding had been received the previous year and the storm recovery costs that were paid but the reimbursement has not been received. Further detail is provided in relation to Council's unrestricted cash assets in note 5.1.
- Non-current assets increased by \$17M to a total valuation of \$343.3M. This is a combination of \$10.2M of capital work expenditure, \$8.5M of depreciation and asset revaluations for land and buildings of \$20.1M. Further detail is provided in relation to Council's property, plant and infrastructure assets in note 6.1.

- Trade and other receivables increased by \$2.3M predominately due to invoices raised on government departments in June 2022, there is no risk of non-payment of these invoices.
- Trade and other payables increased by \$1.5M due to increased creditor invoices being processed in June but not paid until July. This relates to timing only.
- Unearned Income/revenue increased by \$2.86M due to grants being received in advance of works being completed.
- Interest-bearing liabilities decreased in total due to a loan being paid out in November 2021 and no new loans being drawn down during the year.
- Reserves increased by \$19.65M to a total of \$198.7M. Most of this movement was due to the revaluation of Land and Buildings which is a non – cash transaction. Other reserves decreased from \$3.9M to \$3.5M and reflect cash backed reserves such as open space and the Mineral Springs Reserve which are allocations of funding for future works.

Unrestricted cash assets – Council has cash and other financial assets (term deposits) that total \$23.8M, however it is important to note that the majority of these funds have intended allocations which are detailed below.

	2021/2022	2020/2021
Total Financial Assets (\$'000s)	23,781	27,014
Council's cash and cash equivalents are subject to external restrictions		
Trust funds and deposits (Note 5.3)	(1,169)	(1,205)
Statutory reserves (Note 9.1(b))	<u>(2,008)</u>	(1,526)
Total unrestricted financial assets	20,604	24,310
Amounts allocated for specific future purposes by Council		
Cash held to fund carried forward works	(8,531)	(12,125)
Unexpended grants received (Note 3.4(c))	(8,038)	(6,386)
Discretionary reserves (Note 9.1(b))	<u>(1,479)</u>	(2,416)
Total unrestricted financial assets	2,556	3,383
2022/2023 Grants Commission received in advance	(4,430)	(2,541)
Storm claim income to be received	2,835	-
Total unrestricted and allocated financial assets	961	842

With a low unrestricted cash balance – Council will need to carefully manage this financial position over coming years. It has remained at similar levels as 2020/2021 and when compared to other Local Governments is lower than the average. This is due to Council being a lower rating Council than average and the reliance on grant funding.

In relation to the overall financial position, it is worth noting that unrestricted cash improved slightly in a financially challenging environment which included the impact of storms, significant cost escalations and the continued impact of COVID during 2021/2022.

Performance Reporting

Attached is the current performance statement which details a set of audited results against State Government prescribed performance indicators and measures.

The majority of indicators have remained stable whilst others continue to be impacted by COVID-19 and unique events during 2021/2022.

Sustainable Capacity

The construction and renewal of infrastructure assets has increased the value of all infrastructure controlled by Council. The growing proportion of infrastructure relative to the population shows Council's commitment to improving and accurately recording infrastructure.

The revenue generated by Council compared to the population has increased this year on a per person basis as the impacts of reduced rents, registration fees and waiving of interest in prior years due to COVID is not relevant this year as business returned to normal.

Service Performance

Visits to the pools increased by 0.44 visits per person which is more aligned to pre COVID visit rates. Pool entry remains free of charge.

Library results for participation remained low due to continued closures during COVID and were also impacted by Government vaccination protocols once the libraries reopened.

Maternal and Child Health participation has increased as centres reopen, and children attend appointments missed during COVID due to centres being closed.

Statutory planning performance has decreased during the year due to resource issues in this area, specifically in the time taken to decide a planning permit.

Financial Performance

The measure of liquidity is one reflection of Council's current financial position. The higher assets relative to liabilities shows Council can settle its liabilities. The

reduction from prior years reflects the decreasing financial position as Council implements a significant capital works program, additional costs due to storm recovery works and lower rates due to the State Government rate capping system.

Interest bearing loans as a percentage of rate revenue decreased this year as Council paid off a loan during the year and did not draw down any new loans.

Non-current liabilities as a percentage of Council's revenue from rates and fees decreased due to a loan being repaid during the year and an increase in rates revenue. This result confirms that Council is well within its capacity to meet its loan repayment obligations.

Generally, the financial performance results remain within the expected range.

Report of Operations

Attached is the current report of operations.

This is the key service performance indicators that form part of the Local Government Performance Reporting Framework and is part of the data that forms the public reporting to the Know Your Council website (expected in November).

POLICY AND STATUTORY IMPLICATIONS

Council Plan 2021-2025

A dynamic and responsive Council

5.3 A sustainable and agile organisation with strong corporate governance that supports excellent operations

Under Section 98 of the *Local Government Act 2020*:

- 1) A Council must prepare an annual report in respect of each financial year.
- 2) An annual report must contain the following:
 - a) A report of operations of the Council;
 - b) An audited performance statement;
 - c) Audited financial statements;
 - d) A copy of the auditor's report on the performance statement;
 - e) A copy of the auditor's report on the financial statements under Part 3 of the *Audit Act 1994*;
 - f) Any other matter required by the regulations.

Under Section 99 of the *Local Government Act 2020*:

- 3) The Council must ensure that the performance statement and financial statements, in their final form after any changes recommended or agreed by the auditor have been made, are certified in accordance with the regulations by -
 - a) Two Councillors authorised by the Council for the purpose of this subsection.

- b) Any other persons prescribed by the regulations for the purposes of this subsection.

GOVERNANCE ISSUES

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

SUSTAINABILITY IMPLICATIONS

There are no sustainability implications associated with this report.

FINANCIAL IMPLICATIONS

There are no direct financial implications associated with this report, rather this report presents Council's performance and position.

RISK IMPLICATIONS

There are no risk implications associated with this report. The Financial Statements and Performance Statement were presented to the Audit and Risk Committee at their meeting on 12 September 2022. The statements will be presented by officers and representatives from Crowe Australia, who will speak to the audit process and advise that an unqualified audit opinion will be issued.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

Once the final statements have been certified by the nominated Councillors and the independent auditor's report received from VAGO, they will form part of Council's annual report which will be forwarded to the Minister by 31 October 2022. After the annual report has been submitted to the Minister, Council must give public notice that the annual report has been prepared and can be inspected at the Council offices and on Council's website. Other appropriate communication of Council's financial performance and results will be undertaken including media release, inclusion in Hepburn Life and reports placed on Council's website.



ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2022



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Certification of the Financial Statements

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

Kathy Fulton - Certified Practicing Accountant

Principal Accounting Officer

Date : 20th September 2022

Daylesford

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

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

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

Mayor Cr Tim Drylie

Councillor

Date : 20th September 2022

Daylesford

Deputy Mayor Cr Jen Bray

Councillor

Date : 20th September 2022

Daylesford

Bradley Thomas

Chief Executive Officer

Date : 20th September 2022

Daylesford

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Comprehensive Income Statement For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Rates and charges	3.1	23,745	22,027
Statutory fees and fines	3.2	963	1,040
User fees	3.3	814	1,091
Grants - operating	3.4	14,833	8,278
Grants - capital	3.4	4,940	3,279
Contributions - monetary	3.5	518	582
Contributions - non monetary	3.5	38	147
Other income	3.7	1,298	1,151
Total income		47,149	37,595
Expenses			
Employee costs	4.1	17,742	15,647
Materials and services	4.2	20,723	12,408
Depreciation	4.3	8,469	6,593
Amortisation - intangible assets	4.4	-	133
Bad and doubtful debts	4.5	33	247
Borrowing costs	4.6	188	165
Net loss on disposal of property, infrastructure, plant and equipment	3.6	1,346	3,931
Other expenses	4.7	4,213	766
Total expenses		52,714	39,890
Surplus/(deficit) for the year		(5,565)	(2,295)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	6.1	20,114	32,826
Total other comprehensive result		20,114	32,826
Total comprehensive result		14,549	30,531

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

Balance Sheet As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	6,579	8,839
Trade and other receivables	5.1(c)	6,860	4,542
Other financial assets	5.1(b)	17,202	18,202
Inventories	5.2(a)	17	19
Prepayments	5.2(b)	117	130
Total current assets		30,775	31,732
Non-current assets			
Property, infrastructure, plant and equipment	6.1	343,347	326,340
Intangible assets	5.2 (c)	-	408
Total non-current assets		343,347	326,748
Total assets		374,122	358,480
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	3,099	1,546
Trust funds and deposits	5.3 (b)	1,169	1,205
Unearned Income /revenue	5.3 (a)	8,191	6,884
Provisions	5.5	2,723	2,482
Interest-bearing liabilities	5.4	629	2,065
Total current liabilities		15,811	14,182
Non-current liabilities			
Provisions	5.5	514	455
Interest-bearing liabilities	5.4	3,897	4,526
Other liabilities		60	26
Total non-current liabilities		4,471	5,007
Total liabilities		20,282	19,189
Net assets		353,840	339,291
Equity			
Accumulated surplus		155,156	160,264
Reserves	9.1	198,684	179,026
Total equity		353,840	339,290

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

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

2022		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
	Balance at beginning of the financial year	339,290	160,264	175,084	3,942
	Surplus/(deficit) for the year	(5,565)	(5,565)	-	-
	Net asset revaluation increment/(decrement) 6.1	20,114	-	20,114	-
	Transfers to other reserves 9.1 (b)	-	6,514	-	(6,514)
	Transfers from other reserves 9.1 (b)	-	(6,058)	-	6,058
	Balance at end of the financial year	353,840	155,156	195,198	3,486

2021		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
	Balance at beginning of the financial year	308,760	163,155	142,258	3,347
	Surplus/(deficit) for the year	(2,296)	(2,296)	-	-
	6.1	32,826	-	32,826	-
	Transfers to other reserves 9.1 (a)	-	(888)	-	888
	Transfers from other reserves 9.1 (b)	-	293	-	(293)
	Balance at end of the financial year	339,290	160,264	175,084	3,942

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

Statement of Cash Flows
For the Year Ended 30 June 2022

		2022	2021
		Inflows/ (Outflows)	Inflows/ (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Rates and charges		23,205	21,768
Statutory fees and fines		962	1,007
User fees		828	915
Grants - operating		13,941	9,316
Grants - capital		6,247	8,510
Contributions - monetary		518	582
Interest received		130	97
Rent received		960	720
Trust funds and deposits taken		(90)	-
Other receipts		244	122
Net GST refund		2,141	1,502
Employee costs		(17,508)	(15,491)
Materials and services		(22,070)	(15,194)
Trust funds and deposits repaid		-	(2)
Other payments		(440)	(843)
Net cash provided by/(used in) operating activities	9.2	9,068	13,009
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(10,232)	(9,364)
Payments for intangible assets		-	(125)
Proceeds from sale of property, infrastructure, plant and equipment	3.6	157	41
Proceeds from sale of assets held for sale	3.6	-	712
Payments for investments		1,000	(17,010)
Net cash used in investing activities		(9,075)	(25,746)
Cash flows from financing activities			
Finance costs		(188)	(165)
Repayment of borrowings		(2,065)	(412)
Proceeds of borrowings		-	3,012
Net cash provided by/(used in) financing activities		(2,253)	2,435
Net increase/(decrease) in cash and cash equivalents		(2,260)	(10,302)
Cash and cash equivalents at the beginning of the financial year		8,839	19,141
Cash and cash equivalents at the end of the financial year	5.1	6,579	8,839
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

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

	Note	2022 \$'000	2021 \$'000
Property			
Land improvements		168	-
Buildings		1,602	2,838
Total property		1,770	2,838
Plant and equipment			
Plant, machinery and equipment		932	496
Computers and telecommunications		655	208
Library Resources		90	68
Total plant and equipment		1,677	772
Infrastructure			
Roads		2,700	3,695
Bridges		597	201
Footpaths and cycleways		861	947
Drainage		372	38
Recreational, leisure and community facilities		1,862	276
Parks, open space and streetscapes		278	497
Other infrastructure		115	100
Total infrastructure		6,785	5,754
Total capital works expenditure		10,232	9,364
Represented by:			
New asset expenditure		1,473	749
Asset renewal expenditure		6,583	4,841
Asset upgrade expenditure		2,176	3,774
Total capital works expenditure		10,232	9,364

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

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

Note 1 OVERVIEW

Introduction

The Hepburn Shire Council was established by an Order of the Governor in Council on 19 January 1995 and is a body corporate. The Council's main office is located at 76 Vincent Street, Daylesford 3460

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 not-for-profit entity under the Australian Accounting Standards.

Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)

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

- 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)
- other areas requiring judgements

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

(b) Impact of Covid-19

During 2021/2022 the COVID pandemic continued to impact on Councils operations but not as significantly as the prior two years.

Council were still in receipt of funding for some of the programs commenced during COVID such as Outdoor Dining Activation and Business Concierge which also had costs associated with them. Many services for Council returned to business as usual.

(c) Storm Events

Council has been impacted by two significant storm events during 2021/2022. The first event occurred in the Trentham area in June 2021 and the second event was in the Creswick area in January 2022.

The result of these storms was significant damage to property and infrastructure across the areas. A storm recovery team was set up by council to co-ordinate a response to the disasters and provide support and information to the affected communities.

The costs to respond to these events is unbudgeted and is being partially reimbursed through government disaster recovery funding and insurance claim assessments and approval. Total costs for the 2021/2022 financial year are \$7.3M but Council are forecasting a \$1.7M shortfall in the funding received when the recovery works are completed.

	Storm Event Trentham June 2021	Storm Event Creswick January 2022	Total 2021/2022
	\$'000	\$'000	\$'000
Claims Received	4,163	-	4,163
Costs			
Employee Benefits	498	258	756
Contractors	4,711	1,583	6,294
Other	177	88	265
Total expenditure	5,386	1,929	7,315
Cost to Council	(1,223)	(1,929)	(3,152)

(d) Carried Forward Works

The carried forward works value disclosed in Note 5.1(b) is stated at 30 June 2022 budget value. This amount may fluctuate due to cost inflation in the construction industry and the changing economic climate.

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

Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of 10 percent and \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

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

2.1.1 Income and expenditure

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Income					
Rates and charges	23,547	23,745	198	0.8%	
Statutory fees and fines	946	963	17	1.8%	
User fees	1,043	814	(229)	-22.0%	1
Grants - operating	4,260	14,833	10,573	248.2%	2
Grants - capital	9,199	4,940	(4,259)	-46.3%	3
Contributions - monetary	528	518	(10)	-1.9%	
Contributions - non monetary	-	38	38	100.0%	
Other income	1,384	1,298	(86)	-6.2%	
Total income	40,907	47,149	6,242	15.3%	
Expenses					
Employee costs	15,412	17,742	(2,330)	-15.1%	4
Materials and services	12,318	20,723	(8,405)	-68.2%	5
Depreciation	6,926	8,469	(1,543)	-22.3%	6
Amortisation - Intangible assets	121	-	121	100.0%	
Bad and doubtful debts	15	33	(18)	-120.0%	
Borrowing costs	213	188	25	11.7%	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	30	1,346	(1,316)	-4386.7%	7
Other expenses	786	4,213	(3,427)	-436.0%	8
Total expenses	35,821	52,714	(16,893)	-47.2%	
Surplus (deficit) for the year	5,086	(5,565)	(10,651)	-209.4%	9

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

Note 2.1 Performance against budget (continued)

2.1.1 Income and expenditure (continued)

(i) Explanation of material variations

Ref	Item / Explanation
1	User fees - The decrease in user fees is attributable to aged service fees being unfavourable to budget by \$225k due to reduced employee resources to deliver estimated and targeted service hours and outdoor dining permits unfavourable by \$68k due to not being charged to assist with economic recovery from COVID-19. This was partially offset by increased fee income at the transfer station \$62k.
2	Grants Operating - The increase in operating grants is a result of 75% of the 2022/2023 financial assistance grants allocation (\$4.4m) being received in 2021/2022 and storm recovery grants of \$4.8m being received to reimburse for storm recovery costs.
3	Grants - capital - The decrease in Capital Grants received is predominantly due to grants being received as stimulus funding in 2020/2021, for capital projects in advance of works being completed. These projects include Trentham Community Hub \$1.0m, Creswick Town Hall \$0.3m, Hammon Park Trail Head \$0.725m, Footpath Expansion \$0.2m, Bullarto Station \$0.1m, Wombat Hill Botanic Gardens \$0.1m and Outdoor Activation \$0.3m.
4	Employee Costs - Employee costs are unfavourable to budget predominately due to temporary staff \$1.95m over budget which is attributable to covering vacant positions and temporary staff responding to storm events \$756k (which is mostly refunded by State/Federal Government)
5	Materials and Services - Materials and services are unfavourable to budget by \$8.4m which is in response to storm clean-up activities \$7.7m which is mostly recoverable from State/Federal Government. An increase in the use of consultants across the organisation \$0.4m to respond to legislative requirements and additional investment in ICT \$0.4m.
6	Depreciation - The increase in depreciation is a result of asset revaluations and increased capital program.
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment - The increase compared to budget relates to the written down value of disposed infrastructure (roads, footpaths etc) as a result of capital works undertaken. Given the value of infrastructure disposed is difficult to assume and the fact that it is non-cash it is not budgeted.
8	Other Expenses - The increase compared to budget relates to the write off of expenses allocated to capital projects that will not result in recognition of assets \$3.4m.
9	Surplus (deficit) for the year - Result is unfavourable to budget as it is significantly impacted by a number of events that occurred during the year, including two major storm events (\$3.2M) and writing off of costs associated with capital projects that will not be recognised as assets (\$3.4M).

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

Note 2.1 Performance against budget (continued)

2.1.2 Capital works

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Property					
Land improvements	-	168	168	100%	1
Buildings and Building Improvements	1,246	1,602	356	28.6%	2
Total property	1,246	1,770	524	42.1%	
Plant and equipment					
Plant, machinery and equipment	860	932	72	8.4%	
Computers and telecommunications	917	655	(262)	-28.6%	3
Library books	60	90	30	50.0%	
Total plant and equipment	1,837	1,677	(160)	-8.7%	
Infrastructure					
Roads	3,077	2,700	(377)	-12.3%	4
Bridges	600	597	(3)	-0.5%	
Footpaths and cycleways	534	861	327	61.2%	5
Drainage	270	372	102	37.8%	6
Recreational, leisure & community facilities	2,943	1,862	(1,081)	-36.7%	7
Parks, open space and streetscapes	763	278	(485)	-63.6%	8
Other infrastructure	381	115	(266)	-69.8%	9
Total infrastructure	8,569	6,785	(1,784)	-20.8%	
Total capital works expenditure	11,652	10,232	(1,420)	-12.2%	
Represented by:					
New asset expenditure	1,670	1,473	(197)	-11.8%	
Asset renewal expenditure	7,761	6,583	(1,178)	-15.2%	
Asset upgrade expenditure	2,221	2,176	(45)	-2.0%	
Total capital works expenditure	11,652	10,232	(1,420)	-12.2%	

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

Note 2.1 Performance against budget (continued)

2.1.2 Capital works

(i) Explanation of material variations

Ref	Item / Explanation
1	Land improvements - remediation works completed on land at Glenlyon Recreation Reserve.
2	Buildings and Building Improvements - A number of projects that had been delayed in the previous year were completed. This included the Clunes Town Hall \$0.856m and netball courts and pavilion at Hepburn \$0.765m. The Bullarto Station and Creswick Town had significant funding allocated in the current but due to delays did not progress as expected. These funds will be carried forward to 2022/2023.
3	Computers and telecommunications - Focus during the year was on Hardware and Technology renewal however there was underspend on server equipment replacement and other technology development.
4	Roads - projects funded from prior year stimulus funding were completed resulting in the delay of a couple of current year projects.
5	Footpaths and cycleways - All budgeted projects were completed and additional work was completed at the Doug Lindsay Reserve on shared pathways.
6	Drainage - A major drainage project budgeted for in the prior year at Pearman Street, Creswick was completed, however drainage works in Daylesford were delayed.
7	Recreational, leisure and community facilities - A number of construction projects did not proceed as much as had been expected during the financial year and a number were also delayed. Many of these are expected to be completed in the 2022/2023 financial year.
8	Parks, open space and streetscapes - Minor delay in the Wombat Hill Botanic Gardens project has impacted current year spend as well as underspends in some minor projects.
9	Other Infrastructure - Delays due to projects being put on hold has impacted the current year spend. These projects will be delivered in 2022/2023.

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

Note 2.2 Analysis of Council results by program

2.2.1 Council delivers its functions and activities through the following programs.

CEO

The Chief Executive Office (CEO) provides the strategic direction across council to enable the efficient, effective delivery of policy commitments, council vision and mission.

Infrastructure and Delivery

Infrastructure and Delivery 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, parks and gardens, emergency management and municipal resources, including the delivery of major projects. Health and community safety services and facilities maintenance are also included as part of this program.

Community and Development

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

Community Services is underpinned by both customer commitments and customer service strategies. Community and economic development are responsible for business improvement and customer service. Community and economic development also advocate on behalf of the community for major events, arts, culture, economic development and cultural opportunities including the delivery of a reconciliation action plan with the traditional owners of the land of the Dja Dja Wurrung.

Development Services incorporates planning services and includes the assessment of shire development, planning strategy and urban growth.

Organisational Services

Organisational Services provides efficient, effective and proactive support services across council to enable the delivery of all council services. The provision of these services includes finance services, governance, risk, digital information and technology and culture performance.

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

Note 2.2 Analysis of Council results by program (continued)

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

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
CEO	-	1,049	(1,049)	-	-
Infrastructure and Delivery Services	18,258	26,098	(7,840)	11,792	271,908
Community and Development Services	3,504	7,798	(4,294)	2,520	35,068
Organisational Services	25,387	17,769	7,618	5,461	67,146
	47,149	52,714	(5,565)	19,773	374,122
	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2021					
CEO	1	979	(978)	-	-
Infrastructure and Delivery Services	10,257	13,750	(3,493)	4,646	263,281
Community and Development Services	3,456	7,278	(3,822)	2,240	31,075
Organisational Services	23,881	17,883	5,998	4,671	64,124
	37,595	39,890	(2,295)	11,557	358,480

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

Note 3 Funding for the delivery of our services	2022	2021
3.1 Rates and charges	\$'000	\$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is an approximation of its market value.

The valuation base used to calculate general rates for 2021/2022 was \$6,654,477 million (2020/2021 \$6,087,346 million).

General rates	18,776	18,272
Garbage and Recycling Charges	2,074	1,673
Waste management charge	2,356	1,911
Special rates and charges	140	57
Supplementary rates and rate adjustments	140	108
Interest on rates and charges	258	-
Revenue in lieu of rates	1	6
Total rates and charges	<u>23,745</u>	<u>22,027</u>

The date of the latest general revaluation of land for rating purposes within the municipal district was 01/01/2022, and the valuation will be first applied in the rating year commencing 1/07/2022.

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	41	79
Permits	68	77
Registration fees	211	226
Town planning fees	605	594
Other fees and fines	38	64
Total statutory fees and fines	<u>963</u>	<u>1,040</u>

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	76	107
Building Services	261	329
Waste management services	387	428
Other fees and charges	90	227
Total user fees	<u>814</u>	<u>1,091</u>
User fees by timing of revenue recognition		
User fees recognised at a point in time	<u>814</u>	<u>1,091</u>
Total user fees	<u>814</u>	<u>1,091</u>

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.

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

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

3.4 Funding from other levels of government	2022	2021
Grants were received in respect of the following :	\$'000	\$'000
Summary of grants		
Commonwealth funded grants	8,956	6,495
State funded grants	10,817	5,062
Total grants received	19,773	11,557
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants - VGC	5,047	3,386
Local road funding	2,267	1,605
Aged care	669	349
Community health	3	23
<i>Recurrent - State Government</i>		
Aged care	88	115
Libraries	174	168
Maternal and child health	339	204
School crossing supervisors	43	36
Youth	30	24
Other	56	53
Total recurrent operating grants	8,716	5,963
<i>Non-recurrent - Commonwealth Government</i>		
Aged care	-	164
<i>Non-recurrent - State Government</i>		
Commerce and tourism	700	766
Emergency management	146	222
Recreation	-	97
Transport	4	18
Waste and environment	182	65
Working for Victoria	204	860
Storm Events	4,681	-
Other	200	122
Total non-recurrent operating grants	6,117	2,315
Total operating grants	14,833	8,278
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	971	969
Total recurrent capital grants	971	969
<i>Non-recurrent - State Government</i>		
Buildings	787	904
Roads	1,511	589
Recreation, leisure and community facilities	1,416	546
Waste and Environment	-	4
Storm Events	125	-
Other	130	267
Total non-recurrent capital grants	3,969	2,310
Total capital grants	4,940	3,279

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

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

3.4 Funding from other levels of government (continued)

	2022	2021
	\$'000	\$'000
(c) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	1,570	2,053
Received during financial year and remained unspent at balance date	872	976
Received in prior years and spent during the financial year	(64)	(1,459)
Balance at year end	<u>2,378</u>	<u>1,570</u>
Capital		
Balance at start of year	4,816	1,835
Received during financial year and remained unspent at balance date	2,401	4,716
Received in prior years and spent during the financial year	(1,557)	(1,735)
Balance at year end	<u>5,660</u>	<u>4,816</u>

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

(d) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a

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

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

Specific purpose grants to acquire non-financial assets	120	-
Other specific purpose grants	2,368	560

Revenue recognised under AASB 15 Revenue from Contracts with Customers

Specific purpose grants	4	-
	<u>2,492</u>	<u>560</u>

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

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

3.5 Contributions

Monetary	518	582
Non-monetary	38	147
Total contributions	556	729

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

Roads	-	52
Other Infrastructure	38	95
Total non-monetary contributions	38	147

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

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

Proceeds of sale	157	41
Written down value of assets disposed	(26)	(11)
Written down value of infrastructure assets renewed	(1,477)	(3,738)
Proceeds of sale - Assets Held for Sale	-	712
Written down value of assets disposed - Assets Held for Sale	-	(935)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,346)	(3,931)

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

	2022	2021
	\$'000	\$'000
3.7 Other income		
Interest	130	96
Reimbursements	112	33
Facilities rental income	924	932
Sale of materials	127	84
Other	5	6
Total other income	1,298	1,151

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.

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

Note 4 The cost of delivering services

	2022	2021
	\$'000	\$'000
4.1 (a) Employee costs		
Wages and salaries	13,576	13,109
WorkCover	612	406
Superannuation	1,334	1,194
Fringe benefits tax	79	80
Agency staff	2,141	858
Total employee costs	<u>17,742</u>	<u>15,647</u>

\$756k costs associated due to storm events in 2022.

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	48	50
	<u>48</u>	<u>50</u>
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	531	501
Employer contributions - other funds	755	643
	<u>1,286</u>	<u>1,144</u>
Employer contributions payable at reporting date.	-	-

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

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

Note 4 The cost of delivering services (continued)

	2022	2021
	\$'000	\$'000
4.2 Materials and services		
Building maintenance	56	89
Consultants	1,794	1,354
Contract payments		
Waste Service	3,067	3,332
Infrastructure Maintenance	1,777	504
General Contracts	7,450	2,101
Information technology	1,076	637
Insurance	537	500
Materials and services	3,860	2,774
Office administration	492	455
Utilities	614	662
Total materials and services	20,723	12,408

Expenses are recognised as they are incurred and reported in the financial year to which they relate.
\$6.3M was incurred in 2022 in relation to storm recovery.

4.3 Depreciation

Property	2,327	1,220
Plant and equipment	1,031	796
Infrastructure	5,111	4,577
Total depreciation	8,469	6,593

4.4 Amortisation - Intangible assets

Software	-	133
Total Amortisation - Intangible assets	-	133

Refer to Note 5.2(c) and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.5 Bad and doubtful debts

Rental Debtors	1	163
Other debtors	32	84
Total bad and doubtful debts	33	247

Movement in provisions for doubtful debts

Balance at the beginning of the year	(79)	(138)
New provisions recognised during the year	(31)	(79)
Amounts already provided for and written off as uncollectible	-	138
Amounts provided for but recovered during the year	-	-
Balance at end of year	(110)	(79)

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

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

Note 4 The cost of delivering services (continued)

	2022	2021
	\$'000	\$'000
4.6 Borrowing costs		
Interest - Borrowings	188	165
Total borrowing costs	188	165

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.

4.7 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	44	58
Auditors' remuneration - Internal Audit	30	27
Councillors' allowances	220	192
Community grants	274	326
Operating pension rebate	37	38
Tourism board membership	20	80
Work in Progress Write Off #	3,562	-
Others	26	45
Total other expenses	4,213	766

A decision was made by Council not to continue with the capital works project on the Rex building. This write off figures includes the works completed on The Rex that will not be recognised as an asset due to the decision to sell the building

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

Note 5 Our financial position

	2022	2021
	\$'000	\$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	5	5
Cash at bank	6,531	8,791
Term deposits	43	43
Total cash and cash equivalents	6,579	8,839
(b) Other financial assets		
Term deposits - current	17,202	18,202
Term deposits - non-current	-	-
Total other financial assets	17,202	18,202
Total financial assets	23,781	27,041

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

- Trust funds and deposits (Note 5.3)	1,169	1,205
- Statutory reserves (Note 9.1(b))	2,008	1,526
Total restricted funds	3,177	2,731
Total unrestricted cash and cash equivalents	3,402	6,108

Intended allocations

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

- Cash held to fund carried forward works	8,531	12,125
- Unexpended grants received (Note 3.4(c))	8,038	6,386
- Discretionary reserves (Note 9.1(b))	1,479	2,416
- Financial Assistance Grants for 2022/2023 received in current year	4,430	2,541
- Storm Claim Income to be received in 2022/2023	(2,835)	-
Total funds subject to intended allocations	19,643	23,468

Total unrestricted and unallocated cash, cash equivalents and other financial assets	961	842
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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.

In addition to cash and cash equivalents, other financial assets are available to meet Council's liabilities and intended allocations as and when required due to their scheduled maturity dates.

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

	2022 \$'000	2021 \$'000
5.1 (c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	3,678	3,138
Special rate assessment	374	320
Infringement debtors	171	170
Net GST receivable	741	277
<i>Non statutory receivables</i>		
Loans and advances to community organisations		
Other debtors - rental	190	194
Other debtors - government grants	1,347	110
Other debtors - miscellaneous	469	412
Provision for doubtful debts - other debtors	(110)	(79)
Total current trade and other receivables	6,860	4,542

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)	1,812	97
Past due by up to 30 days	1	167
Past due between 31 and 180 days	70	310
Past due between 181 and 365 days	11	31
Past due by more than 1 year	3	32
Total trade and other receivables	1,897	637

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$110,000 were impaired. The amount of the provision raised against these debtors was \$110,000. They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	31
Past due between 181 and 365 days	-	6
Past due by more than 1 year	110	42
Total trade & other receivables	110	79

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

	2022 \$'000	2021 \$'000
5.2 Non-financial assets		
(a) Inventories		
Inventories held for distribution	17	19
Total inventories	17	19
Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.		
(b) Other assets		
Prepayments	117	130
Total other assets	117	130
(c) Intangible assets		
Software	-	408
Total intangible assets	-	408
Gross carrying amount		
Balance at 1 July	1,282	1,157
Additions	-	-
WIP	-	125
Write-Off	(1,282)	-
Balance at 30 June	-	1,282
Accumulated amortisation and impairment		
Balance at 1 July	874	741
Amortisation expense	-	133
Write-Off	(874)	-
Balance at 30 June	-	874
Net book value at 30 June	-	408

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

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

(a) Trade and other payables

Non-statutory payables

Trade payables	2,336	993
Accrued expenses	763	553
Income in advance	8,191	6,884
Total trade and other payables	11,290	8,430

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

(b) Trust funds and deposits

Refundable deposits	148	197
Fire services levy	374	320
Retention amounts	70	87
Other trust funds and deposits	577	601
Total trust funds and deposits	1,169	1,205

5.3 Payables (continued)

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

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

Purpose and nature of items

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

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

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

5.4 Interest-bearing liabilities	2022	2021
Current	\$'000	\$'000
Borrowings - secured	629	2,065
Non-current		
Borrowings - secured	3,897	4,526
Total	4,526	6,591

Borrowings are secured by a deed of charge over council rates

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

Not later than one year	629	2,065
Later than one year and not later than five years	2,605	2,629
Later than five years	1,292	1,897
Total Interest-bearing liabilities	4,526	6,591

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

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	
	\$ '000	restoration	Total
		\$ '000	\$ '000
2022			
Balance at beginning of the financial year	2,614	323	2,937
Additional provisions	1,511	-	1,511
Amounts used	(1,216)	(22)	(1,238)
Balance at the end of the financial year	2,909	301	3,210
2021			
Balance at beginning of the financial year	2,418	301	2,719
Additional provisions	1,222	23	1,244
Amounts used	(1,026)	-	(1,026)
Balance at the end of the financial year	2,614	323	2,937
		2022	2021
(a) Employee provisions		\$'000	\$'000
Current provisions expected to be wholly settled within 12 months			
Annual leave		925	876
Long service leave		335	215
Other		51	62
		1,311	1,153
Current provisions expected to be wholly settled after 12 months			
Annual leave		85	51
Long service leave		1,300	1,253
		1,385	1,304
Total current employee provisions		2,696	2,457
Non-current			
Long service leave		213	157
Annual leave		-	-
Total non-current employee provisions		213	157
Aggregate carrying amount of employee provisions:			
Current		2,696	2,457
Non-current		213	157
Total aggregate carrying amount of employee provisions		2,909	2,614

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

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

5.5 Provisions (continued)

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.

<i>Long service leave</i>	2022	2021
	\$'000	\$'000
Key assumptions:		
- discount rate	3.69%	1.49%
- index rate	2.50%	1.80%
- settlement rate	7 years	7 years
(b) Landfill restoration		
Current	27	25
Non-current	301	298
	328	323
Key assumptions:		
- Aftercare period	30 years	30 years
- discount rate	3.69%	1.12%
- index rate	2.50%	2.50%

Council is obligated to restore landfill sites 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.

5.6 Financing arrangements

	2022	2021
	\$'000	\$'000
The Council has the following funding arrangements in place as at 30 June		
Credit card facilities	150	50
Total facilities	150	50
Used facilities	59	15
Unused facilities	91	35

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

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

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Operating					
Transfer station	660	-	-	-	660
Maternal and child health	365	122	-	-	487
Library services	144	143	144	-	431
Kerbside Collection	2,840	2,953	3,071	3,194	12,058
Other	62	-	-	-	62
Total	4,071	3,218	3,215	3,194	13,699
Capital					
Buildings	6,840	-	-	-	6,840
Infrastructure	4,778	-	-	-	4,778
Total	11,618	-	-	-	11,618
	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2021					
Operating					
Transfer station	519	500	-	-	1,019
Maternal and child health	365	365	122	-	852
Library services	143	144	287	-	574
Swimming pools	6	-	-	-	6
Other	108	37	-	-	145
Total	1,141	1,046	409	-	2,596
Capital					
Buildings	4,760	-	-	-	4,760
Infrastructure	12	-	-	-	12
Total	4,772	-	-	-	4,772

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

5.7 Commitments (continued)	2022	2021
<i>Operating lease commitments</i>	\$'000	\$'000
Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of equipment and land and buildings that have a lease term of 12 months or less and leases of low-value assets. Council recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.		
Not later than one year	14	-
Later than one year and not later than five years	16	-
Later than five years	3	-
	<u>33</u>	<u>-</u>

The above lease falls into the category of short term and low value. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(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 25 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.

Not later than one year	1,044	887
Later than one year and not later than five years	4,684	3,446
Later than five years	3,762	3,925
	<u>9,490</u>	<u>8,258</u>

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

Note 6 Assets We Manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 2021	Additions	Found assets	Revaluation	Depreciation	Disposal	Write-off	Asset class transfers	Carrying amount 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	118,990	-	-	20,114	(2,281)	-	-	1,778	138,601
Plant and equipment	3,263	71	-	-	(1,031)	(26)	-	1,553	3,830
Infrastructure	196,219	9	-	-	(5,156)	(1,477)	-	5,716	195,311
Work in progress	7,868	10,152	-	-	-	-	(3,368)	(9,047)	5,605
Total	326,340	10,232	-	20,114	(8,468)	(1,503)	(3,368)	-	343,347

Summary of Work in Progress (WIP)

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	5,405	1,770	(3,191)	(2,206)	1,778
Plant and equipment	897	1,597	(30)	(1,462)	1,002
Infrastructure	1,566	6,785	(147)	(5,379)	2,825
Total	7,868	10,152	(3,368)	(9,047)	5,605

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

6.1 Property, infrastructure, plant and equipment (continued)

(a) Property

Land - specialised	Land - specialised	Land - non specialised	Land improvements	Total land & land Improvements	Buildings - specialised	Buildings - non specialised	Total buildings	Work in progress	Total property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount 2021	26,115	18,778	13,982	58,875	116,862	18,168	135,030	5,405	199,310
Accumulated depreciation at 30 June 2021	-	-	(5,421)	(5,421)	(62,647)	(6,847)	(69,494)	-	(74,915)
Adjusted Opening Balance	26,115	18,778	8,561	53,454	54,215	11,321	65,536	5,405	124,395
Movements in fair value									
Additions	-	-	-	-	-	-	-	1,770	1,770
Revaluation	9,428	6,871	-	16,299	13,586	(4,849)	8,737	-	25,036
Transfers from Work in Progress	-	-	-	-	1,468	310	1,778	(2,206)	(428)
Write-Off	-	-	-	-	-	-	-	(3,191)	(3,191)
	9,428	6,871	-	16,299	15,054	(4,539)	10,515	(3,627)	23,187
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	(405)	(405)	(1,617)	(259)	(1,876)	-	(2,281)
Revaluation	-	-	-	-	(7,713)	2,791	(4,922)	-	(4,922)
	-	-	(405)	(405)	(9,330)	2,532	(6,798)	-	(7,203)
Carrying amount 2022	35,543	25,649	13,982	75,174	131,916	13,629	145,545	1,778	222,497
Accumulated depreciation at 30 June 2022	-	-	(5,826)	(5,826)	(71,977)	(4,315)	(76,292)	-	(82,118)
	35,543	25,649	8,156	69,348	59,939	9,314	69,252	1,778	140,379

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

6.1 Property, infrastructure, plant and equipment (continued)

(b) Plant and Equipment

	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Library collection \$'000	Work In progress \$'000	Total plant and equipment \$'000
Carrying amount 2021	6,985	873	1,287	877	897	10,919
Accumulated depreciation at 30 June 2021	(4,633)	(802)	(670)	(654)	-	(6,759)
	<u>2,352</u>	<u>71</u>	<u>617</u>	<u>223</u>	<u>897</u>	<u>4,160</u>
Movements in fair value						
Additions	41	5	25	-	1,597	1,668
Disposal	(331)	-	-	-	-	(331)
Transfers from Work in Progress	793	116	594	50	(1,462)	91
Write-Off	-	-	-	-	(30)	(30)
	<u>503</u>	<u>121</u>	<u>619</u>	<u>50</u>	<u>105</u>	<u>1,293</u>
Movements in accumulated depreciation						
Depreciation and amortisation	(633)	(19)	(353)	(26)	-	(1,031)
Accumulated depreciation of disposals	305	-	-	-	-	305
	<u>(328)</u>	<u>(19)</u>	<u>(353)</u>	<u>(26)</u>	<u>-</u>	<u>(726)</u>
Carrying amount 2022	7,488	994	1,906	927	1,002	12,317
Accumulated depreciation at 30 June 2022	(4,961)	(821)	(1,023)	(680)	-	(7,485)
	<u>2,527</u>	<u>173</u>	<u>883</u>	<u>247</u>	<u>1,002</u>	<u>4,832</u>

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

6.1 Property, infrastructure, plant and equipment (continued)

(c) Infrastructure

	Roads \$'000	Bridges \$'000	Footpaths and cycleways \$'000	Drainage \$'000	Recreational, leisure and community \$'000	Parks open spaces and streetscapes \$'000	Off street car parks \$'000	Other infrastructure \$'000	Work In progress \$'000	Total infrastructure \$'000
Carrying amount 2021	237,043	29,364	7,906	18,206	1,676	2,758	95	7,311	1,566	305,925
Accumulated depreciation at 30 June 2021	(78,228)	(14,711)	(3,311)	(8,830)	(747)	(80)	(20)	(2,213)	-	(108,140)
Adjusted Opening Balance	158,815	14,653	4,595	9,376	929	2,678	75	5,098	1,566	197,785
Movements in fair value										
Additions	-	-	-	-	-	9	-	-	6,785	6,794
Disposal	(2,708)	-	(71)	(4)	-	-	-	-	-	(2,783)
Write-off	-	-	-	-	-	-	-	-	(147)	(147)
Transfers from Work in Progress	2,667	608	1,149	624	226	216	164	62	(5,379)	337
	(41)	608	1,078	620	226	225	164	62	1,259	4,201
Movements in accumulated depreciation										
Depreciation and amortisation	(4,306)	(223)	(104)	(248)	(72)	(43)	(5)	(155)	-	(5,156)
Accumulated depreciation of disposals	1,301	-	1	4	-	-	-	-	-	1,306
Revaluation	-	-	-	-	-	-	-	-	-	-
	(3,005)	(223)	(103)	(244)	(72)	(43)	(5)	(155)	-	(3,850)
Carrying amount 2022	237,002	29,972	8,984	18,826	1,902	2,983	259	7,373	2,825	310,126
Accumulated depreciation at 30 June 2022	(81,233)	(14,934)	(3,414)	(9,074)	(819)	(123)	(25)	(2,368)	-	(111,990)
	155,769	15,038	5,570	9,752	1,083	2,860	234	5,005	2,825	198,136

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

6.1 Property, infrastructure, plant and equipment (continued)

Acquisition

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

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

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

	Depreciation Period	Threshold Limit \$
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	1,000
land improvements	20 -100	1,000
Buildings		
buildings	25 - 150	1,000
building and leasehold improvements	25 - 150	1,000
Plant and Equipment		
plant, machinery and equipment	3 - 10 years	1,000
others	3 - 10 years	1,000
Infrastructure		
roads - pavements, substructure, formation and earthworks	10 - 80	1,000
roads - kerb, channel and minor culverts and other	10 - 65	1,000
bridges - deck and substructure	50 - 200	1,000
others	5 - 80 years	1,000
Intangible assets	3 -10 years	1,000

Land under roads

Council recognises land under roads acquired after 30 June 2008 at fair value. Council does not recognise land under roads that it controlled prior to that period in this financial report.

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.

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

6.1 Property, infrastructure, plant and equipment (continued)

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.

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Vincent John Bourke, AAPI, of Rating Valuation Services. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

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

	Level 1	Level2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Land	-	25,649	-	Jun-22
Specialised land	-	-	35,543	Jun-22
Land improvements	-	-	8,156	Jun-22
Buildings	-	9,314	59,939	Jun-22
Total	-	34,963	103,638	

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

6.1 Property, infrastructure, plant and equipment (continued)

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an in-house valuation as at 30 June 2021 undertaken by Manoj Bhattarai, Asset Coordinator of Hepburn Shire Council and by Moloney Asset Management Systems.

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

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 2022 are as follows:

Where no valuation date is provided, Council has deemed that the valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	155,769	Jun-21
Bridges	-	-	15,038	Jan-18
Footpaths and cycleways	-	-	5,570	Jun-20
Drainage	-	-	3,632	Jun-20
Kerb and channel	-	-	6,121	Jun-21
Recreational, leisure and community facilities	-	-	1,083	-
Parks, open space and streetscapes	-	-	2,860	-
Off Street Car Parks	-	-	234	-
Other infrastructure	-	-	5,005	-
Total	-	-	195,312	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$1,600 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$150 to \$53,750 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 5 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.

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

6.1 Property, infrastructure, plant and equipment (continued)

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 5 years to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2022	2021
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	106	96
Parks and reserves	35,437	26,019
Total specialised land	35,543	26,115

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

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Hepburn Shire Council is the parent entity.

(b) Key Management Personnel

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

Councillors

Councillor Lesley Hewitt (Mayor to 15/11/2021)

Councillor Don Henderson

Councillor Jennifer Bray

Councillor Timothy Drylie (Mayor from 16/11/2021)

Councillor Brian Hood

Councillor Tessa Halliday

Councillor Juliet Simpson

Officers

Chief Executive Officer - Bradley Thomas

Director Infrastructure and Delivery - Bruce Lucas

Director Organisational Services - Andrew Burgess (from 20/09/2021)

Director Community and Development - Leigh McCallum (from 20/09/2021)

	2022	2021
	No.	No.
Total Number of Councillors	7	13
Total of Chief Executive Officer and other Key Management Personnel	4	4
Total Number of Key Management Personnel	11	17

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

7.1 Council and key management remuneration (continued)
(c) Remuneration of Key Management Personnel

	2022	2021
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	973,062	870,298
Long-term benefit	22,850	45,445
Post-employment benefit	85,666	52,190
Termination benefits	-	-
Total	<u>1,081,578</u>	<u>967,933</u>

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

\$1 - \$9,999	-	10
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	4	2
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	1	-
\$70,000 - \$79,999	-	1
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	-	1
\$210,000 - \$219,999	2	-
\$220,000 - \$229,999	-	1
\$280,000 - \$289,999	1	-
\$290,000 - \$299,999	-	1
	<u>11</u>	<u>17</u>

(d) Senior Officer Remuneration

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

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

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

	2022	2021
	No.	No.
Income Range:		
less than \$151,000	-	3
	<u>-</u>	<u>3</u>

Total Remuneration for the reporting year for Senior Officers included above, amounted to

-	332,810
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**Notes to the Financial Report
For the Year Ended 30 June 2022**

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council had no reportable transactions with related parties. 2021:Nil

(b) Outstanding balances with related parties

There are no outstanding balances at the end of the reporting period in relation to transactions with related parties. 2021:Nil

(c) Loans to/from related parties

Council does not make loans to or receive loans from related parties, no guarantees have been provided. 2021:Nil

(d) Commitments to/from related parties

Council has no outstanding commitments to or from related parties. 2021:Nil

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

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) Contingent assets

Council have not received all money for claims submitted for Storm recovery events. The below table outlines the amount receivable based on various claim rates.

Outstanding Claims from the June 2021 and January 2022 Storm recovery

Maximum Amount to be refunded			\$3,150,385
Claim rates on outstanding claims	80%	90 %	100%
Claim Amounts	\$2,520,308	\$2,835,346	\$3,150,385

(b) Contingent liabilities

Legal Matters

From time to time Council is involved in legal matters which are conducted through Council's solicitors. As these matters may yet be finalised, or the financial outcomes are unable to be reliably estimated, no allowance has for these contingencies has been made in the financial report.

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.

Future superannuation contributions

In addition to the disclosed contributions, Council has paid unfunded liability payments to Vision Super totalling \$0 (2020/21 \$0). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 are \$53,000.

Liability Mutual Insurance

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

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

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 20017 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.

8.2 Change in accounting standards

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

8.3 Financial instruments

(a) Objectives and policies

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.

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

8.3 Financial instruments (continued)

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. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

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

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

(c) Credit risk

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

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

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

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

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

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

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

8.3 Financial instruments (continued)

(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.

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 RBA cash rates of 0.85%.

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

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are 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.

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

8.4 Fair value measurement (continued)

Revaluation

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

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

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

Impairment of assets

At each reporting date, 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

At the Council meeting held on July 19 2022, council considered a report to sell The Rex building following a Community Engagement process. The officers recommendations were passed which allowed the property to be sold and delegated to the Chief Executive Officer the authority to manage the sale process by appointing an appropriate agent to undertake the sale. This process has commenced but an agent has not been appointed and there is no contract of sale for the property.

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

Note 9 Other matters

9.1 Reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves			
2022			
Property			
Land and land improvements	38,494	16,299	54,793
Buildings	35,335	3,815	39,150
	<u>73,829</u>	<u>20,114</u>	<u>93,943</u>
Infrastructure			
Roads	89,788		89,788
Other infrastructure	11,467	-	11,467
	<u>101,255</u>	<u>-</u>	<u>101,255</u>
Total asset revaluation reserves	<u>175,084</u>	<u>20,114</u>	<u>195,198</u>
2021			
Property			
Land and land improvements	33,327	5,167	38,494
Buildings	35,335	-	35,335
	<u>68,662</u>	<u>5,167</u>	<u>73,829</u>
Infrastructure			
Roads	63,539	26,249	89,788
Other infrastructure	10,057	1,410	11,467
	<u>73,596</u>	<u>27,659</u>	<u>101,255</u>
Total asset revaluation reserves	<u>142,258</u>	<u>32,826</u>	<u>175,084</u>

The asset revaluation reserve is used to record the movement in fair value of Council's assets over time.

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

9.1 Reserves (continued)

	Balance at beginning of reporting period \$'000	Transfer to accumulated surplus \$'000	Transfer from accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2022				
Clunes caravan park reserve	7	-	-	7
Debt management reserve	1,792	-	(1,792)	-
Heritage advisory fund	20	-	-	20
Mineral springs financial reserve	1,060	599	(386)	1,273
Mt Beckworth pit reserve	28	-	-	28
Public open space reserve *	1,526	497	(16)	2,008
Smeaton hill pit reserve	74	-	-	74
Waste management reserve	(565)	4,962	(4,320)	77
Total Other reserves	3,942	6,058	(6,514)	3,486
2021				
Clunes caravan park reserve	7	-	-	7
Debt management reserve	1,592	200	-	1,792
Heritage advisory fund	20	-	-	20
Mineral springs financial reserve	824	236	-	1,060
Mt Beckworth pit reserve	28	-	-	28
Public open space reserve *	1,102	452	(28)	1,526
Smeaton hill pit reserve	74	-	-	74
Waste management reserve	(300)	-	(265)	(565)
Total Other reserves	3,347	888	(293)	3,942

* Indicates statutory reserve

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

	2022	2021
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	(5,565)	(2,295)
Depreciation/amortisation	8,469	6,726
Loss on disposal of property, infrastructure and plant	1,346	3,931
Contributions - non monetary	(38)	(147)
Interest expense	188	165
Write off of Work in Process	3,812	-
<i>Change in assets and liabilities:</i>		-
Increase/(decrease) in trade and other receivables	(2,318)	(69)
(Increase)/decrease in prepayments	13	(91)
Increase/(decrease) in trade and other payables	1,553	(631)
(Decrease)/increase in unearned income / revenue	1,307	5,231
(Decrease)/increase in other liabilities	34	(36)
(Increase)/decrease in inventories	2	(4)
Increase/(decrease) in provisions	300	218
Increase/(decrease) in trust funds / deposits	(36)	11
Net cash provided by/(used in) operating activities	9,069	13,009

9.3 Superannuation

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

Accumulation

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

Defined Benefit

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

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

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

Funding arrangements

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

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

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

Net investment returns 4.75% pa

Salary information 2.75% pa

Price inflation (CPI) 2.25% pa.

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

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

Net investment returns 5.5% pa

Salary information 2.50% pa to 30 June 2023, and 3.5%pa thereafter.

Price inflation (CPI) 3.0% pa.

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

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

9.3 Superannuation (continued)

Employer contributions

Regular contributions

On the basis of the results of the 2021 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10% of members' salaries (9.5% in 2020/2021). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

Funding calls

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

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

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

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

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

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

The 2021 interim actuarial investigation surplus amounts

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

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

9.3 Superannuation (continued)

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

	2021 (Interim) \$m	2020 (Triennial) \$m
A VBI surplus	\$214.70	\$100.00
A total service liability surplus	\$270.30	\$200.00
A discounted accrued benefits surplus	\$285.20	\$217.80

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

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

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

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

The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022.

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2022 \$'000	2021 \$'000
Vision super	Defined benefit	10.0%	48	50
Vision super	Accumulation fund	10.0%	531	501
Other funds	Accumulation fund	10.0%	755	643

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

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

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$53,000.

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

Note 10 Change in accounting policy

There have been no changes to accounting policies in the 2021/2022 year.

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



PERFORMANCE STATEMENT
For the Year Ended 30 June 2022



Performance Statement
For the Year Ended 30 June 2022

Description of Municipality

Hepburn Shire is a small rural Shire, with a population of 16,157. The population is projected to reach 17,700 by 2036. The Shire covers an area of 1,473 square kilometres which includes Clunes, Creswick, Daylesford, Hepburn Springs and Trentham, and the villages of Glenlyon, Allendale, Kingston, Leonard's Hill, Lyonville, Newlyn, Denver and Smeaton, and other smaller settlements, each with their own unique identity and character. Located in central Victoria, the Shire is ideally situated within easy access to Melbourne, Ballarat and Bendigo. It is a great place to live, work, invest and visit.

Hepburn Shire has a rich cultural history which began with the Dja Dja Wurrung People, the Traditional Owner and custodian's of the area. Mass migration during Victoria's goldrush era saw many cultures settle in the region, which created a distinctive architecture and culture, still present throughout the Shire today. The Shire is renowned for its native forests, mineral springs reserves and waterways, botanical gardens, volcanic plains with rich soils, gold, and many spectacular heritage buildings. It is a popular tourist destination that has a reputation for indulgence and relaxation, festivals and outdoor recreational activities.

The Shire has a vibrant and diverse welcoming community that is well served by schools and childcare, recreation facilities, libraries, hospitals and shopping precincts. There is a large range of events throughout the year including markets, community run festivals, book fairs, LGBTIQ+ festivals and artisan masterclasses. With a strong arts community there are opportunities to visit artist studios, exhibitions and workshops.

The COVID-19 pandemic continued to have an impact on the operations of Council during 2021/2022. There were two significant storm events that impacted the Shire during 2021/2022 and the recovery works required following these storms have had a significant financial impact on the Council. Commentary throughout the performance statements will reflect the impact of COVID-19 and the storm events on Council's results.

Performance Statement
For the Year Ended 30 June 2022

Sustainable Capacity Indicators					
Indicator / measure [formula]	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Population					
C1 Expenses per head of municipal population [Total expenses / Municipal population]	\$1,923.10	\$2,084.26	\$2,225.60	\$3,237.76	Total expenses have increased this year for costs associated with recovery works for storm events \$7.52m and writing off of costs incurred that will not be recognised as assets. It is expected that this ratio will return to normal in future years.
C2 Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$13,520.24	\$16,003.13	\$19,903.57	\$21,088.82	The construction and renewal of assets combined with revaluation of assets has increased the value of assets controlled by Council. The growing proportion of infrastructure relative to the population shows Council's commitment to improving and accurately recording infrastructure.
C3 Population density per length of road [Municipal population / Kilometres of local roads]	10.52	11.16	11.28	11.37	Result has remained consistent over the last four years, as length of the road network remains very similar.
Own-source revenue					
C4 Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,553.82	\$1,517.62	\$1,323.20	\$1,647.32	This indicator has increased due to the reallocation of loss on disposal of assets being recognised as an expense.
Recurrent grants					
C5 Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$444.47	\$471.92	\$439.19	\$594.99	The value of grants per person has increased due to the early receipt of 75% of the 2022/2023 Financial Assistance Grants allocation, within the 2021/2022 financial year.
Disadvantage					
C6 Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	6.00	6.00	6.00	6.00	The socio-economic index summarises a range of information about the economic and social conditions of people and households within the shire. The decile has remained constant throughout the past four years.

Performance Statement
For the Year Ended 30 June 2022

Sustainable Capacity Indicators					
Indicator / measure [formula]	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Workforce turnover					
C7 <i>Percentage of staff turnover</i>	21.8%	22.3%	22.5%	35.3%	Workforce turnover has increased over the last year and includes the redundancies resulting from Council deciding to cease service delivery in the aged care sector. The workforce turnover rate would have been 28.67% if these redundancies were excluded from the calculation.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100					

Definitions

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

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

"local road" means a sealed or unsealed road for which 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 Internet website

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Performance Statement
For the Year Ended 30 June 2022

Service Performance Indicators					
Service/indicator/measure	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Aquatic Facilities					
Utilisation					
AF6 <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	0.73	1.59	1.20	1.64	Utilisation was able to increase as 2021 results were heavily impacted by COVID closures.
Animal Management					
Health and safety					
AM7 <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	New in 2020	0%	0%	0%	Council has not prosecuted any person under the Domestic Animals Act as other enforcement actions have been successful.
Food Safety					
Health and safety					
FS4 <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	75.00%	100.00%	50.00%	100.00%	There has been a strong focus this year to ensure all Critical and Major Non Conformances have been followed up and appropriate enforcement action taken.
Governance					
Satisfaction					
G5 <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	52.00	38.00	44.00	41.00	Slight decrease from the previous year with a number of key decisions undertaken during the year including sale of the Rex and the transitioning out of aged care service delivery.

Performance Statement
For the Year Ended 30 June 2022

Service Performance Indicators					
Service/indicator /measure	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Libraries					
Participation					
LB4 <i>Active library borrowers in municipality</i>	19.49%	18.08%	15.66%	13.67%	The effects of lockdowns linger with a reduced number of active borrowers. The library network is working on programming to encourage members to return to the library as well as signing up new members.
[Number of active library borrowers in the last three years / The sum of the population for the last three years] x100					
Maternal and Child Health (MCH)					
Participation					
MC4 <i>Participation in the MCH service</i>	77.16%	78.99%	76.96%	86.01%	Increased rate of children attending appointments due to catch up appointments missed during Covid.
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100					
MC5 <i>Participation in the MCH service by Aboriginal children</i>	88.24%	76.74%	75.76%	80.95%	Many families choose to access support services from Ballarat and District Aboriginal Cooperative.
[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					
Roads					
Satisfaction					
R5 <i>Satisfaction with sealed local roads</i>	50.00	44.00	47.00	39.00	Overall decrease reflective of general satisfaction trends across Council and poor condition of arterial roads across the Shire.
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					

Performance Statement
For the Year Ended 30 June 2022

Service Performance Indicators					
Service/indicator/measure	Results 2019	Results 2020	Results 2021	Results 2022	Comments
Statutory Planning					
Decision making					
SP4 Council planning decisions upheld at VCAT	50.00%	0.00%	80.00%	50.00%	The percentage of set aside decisions after review of VCAT has increased over the last financial year due to an increase of applications being reviewed at VCAT. Current year saw five applications from ten set aside and previous year was four set aside from five applications.
[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100					
Waste Collection					
Waste diversion					
WC5 Kerbside collection waste diverted from landfill	37.08%	37.81%	48.46%	40.22%	It is believed that the decrease from 48% to 40% can be attributed to changes in the communities habits with changing COVID restriction levels, including an increase in visitors to the shire and residents spending less time at home following the lifting of restrictions.
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

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

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

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian Workcover Authority under Part 5 of the Occupational Health and Safety Act 2004.

ATTACHMENT 13.1.2

Financial Performance Indicators										
Dimension/indicator /measure	Results 2019	Results 2020	Results 2021	Results 2022	2023	2024	2025	2026	Material Variations and Comments	
Stability										
Rates concentration										
S1	Rates compared to adjusted underlying revenue	62.06%	64.66%	71.53%	54.71%	49.82%	58.70%	63.25%	67.23%	The decrease in the result is due to the increased level of grant funding received in the current year for capital projects and also the early receipt of 75% of the Financial Assistance Grants funding.
	[Rate revenue / Adjusted underlying revenue] x100									
Rates effort										
S2	Rates compared to property values	0.43%	0.38%	0.36%	0.35%	0.27%	0.27%	0.26%	0.26%	The reduction in rates compared to property values suggests that there is a small reduction in the overall rate burden upon property owners. The reduction also reflects Council's commitment to maintain rate increases within the State Government imposed restrictions on rate revenue.
	[Rate revenue / Capital improved value of rateable properties in the municipality] x100									

Definitions

"adjusted underlying revenue" means total income other than:

(a) non-recurrent grants used to fund capital expenditure; and

(b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to above

"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.

Performance Statement
For the Year Ended 30 June 2022

Other Information

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the Local Government Act 2020 and Local Government (Planning and Reporting) Regulations 2020.

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

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

The forecast figures included in the performance statement are those adopted by council in its Annual Budget on 28 June 2022 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements.

Performance Statement
For the Year Ended 30 June 2022

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.

Kathy Fulton - Certified Practicing Accountant

Principal Accounting Officer

Date :

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

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

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

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

Mayor Cr Tim Drylie

Councillor

Date :

Cr Jen Bray

Councillor

Date :

Bradley Thomas

Chief Executive Officer

Date :

REPORT OF OPERATIONS (ANNUAL REPORT INSERT)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Service / indicator / measure	Results				Comments
	2019	2020	2021	2022	
Aquatic Facilities					
Service standard					
AF2 Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	2.60	1.20	0.00	0.00	Council operates three outdoor pools which open for the summer season only. Proactive inspections were not undertaken because of the extraordinary demands upon Health Officers in addressing COVID pandemic compliance issues and storm event relief and recovery. This will be corrected in the 2022/2023 season.
Utilisation					
AF6 Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	0.73	1.59	1.20	1.64	Utilisation was able to increase as 2021 results were heavily impacted by COVID closures.
Service cost					
AF7 Cost of aquatic facilities [Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]	New in 2020	\$15.95	\$19.84	\$12.95	Reduced costs are as a result of the reduction of pool operational hours throughout the 2021/2022 season due to sector staff shortages. These cost reductions, coupled with an increase in the number of visits, which returned to more pre COVID levels, contributed to the reduced cost per swim.
Animal Management					
Timeliness					
AM1 Time taken to action animal management requests [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	2.26	1.58	4.14	4.48	The number of days taken to respond to animal requests is similar to the previous year. This does not include urgent requests that are responded to immediately.
Service standard					
AM2 Animals reclaimed [Number of animals reclaimed / Number of animals collected] x100	20.00%	83.33%	11.63%	13.75%	The percentage of domestic animals which have been reclaimed is slightly higher than the previous year. This figure does not include animals that can be identified and reunited with their owner the same day.
AM5 Animals rehomed [Number of animals rehomed / Number of animals collected] x100	New in 2020	55.56%	95.35%	27.50%	The percentage of domestic animals which have been rehomed is lower compared to last year. This could be due to a number of factors including an increased desire of the community for pet ownership during COVID and a change in internal processes that has led to more accurate reporting.
Service cost					
AM6 Cost of animal management service per population [Direct cost of the animal management service / Population]	New in 2020	\$8.29	\$10.91	\$9.72	The cost of animal management services has remained relatively similar across the four years.
Health and safety					
AM7 Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	New in 2020	0.00%	0.00%	0.00%	Council has not prosecuted any person under the Domestic Animals Act as other enforcement actions have been successful.
Food Safety					
Timeliness					
FS1 Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]	3.00	1.50	5.00	1.00	The number of days taken to respond to a public complaint about food safety has significantly decreased as the number of COVID related requests has reduced.
Service standard					
FS2 Food safety assessments	92.11%	74.30%	25.67%	48.44%	The percentage of registered food premises which were inspected has increased compared to the previous year but still remains below target as the Environmental Health Team were significantly impacted by severe storm events. Additional resources are being sought to correct this below target testing in 2021/2022.

REPORT OF OPERATIONS (ANNUAL REPORT INSERT)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Service / indicator / measure	Results				Comments
	2019	2020	2021	2022	
<p>[Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100</p> <p>Service cost</p> <p>FS3 Cost of food safety service</p> <p>[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]</p> <p>Health and safety</p> <p>FS4 Critical and major non-compliance outcome notifications</p> <p>[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</p>	\$439.11	\$449.60	\$585.21	\$841.56	<p>The cost of food safety services per registered food premises has increased due to additional resources being allocated to the team structure to respond to the increasing demands.</p> <p>There has been a strong focus this year to ensure all Critical and Major Non Conformances have been followed up and appropriate enforcement action taken.</p>
<p>Governance</p> <p>Transparency</p> <p>G1 Council decisions made at meetings closed to the public</p> <p>[Number of Council resolutions made at meetings of Council, or at meetings of a delegated committee consisting only of Councillors, closed to the public / Number of Council resolutions made at meetings of Council or at meetings of a delegated committee consisting only of Councillors] x100</p> <p>Consultation and engagement</p> <p>G2 Satisfaction with community consultation and engagement</p> <p>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</p> <p>Attendance</p> <p>G3 Councillor attendance at council meetings</p> <p>[The sum of the number of Councillors who attended each Council meeting / (Number of Council meetings) × (Number of Councillors elected at the last Council general election)] x100</p> <p>Service cost</p> <p>G4 Cost of elected representation</p> <p>[Direct cost of the governance service / Number of Councillors elected at the last Council general election]</p> <p>Satisfaction</p> <p>G5 Satisfaction with council decisions</p> <p>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</p>	9.35%	3.03%	4.68%	9.29%	<p>Council continues to make as many decisions in public as possible for greater transparency. With an increase in development in the area, Council has seen an increase in the number of statutory planning applications referred to VCAT, leading to an increase in decisions made in closed meetings to comply with the VCAT Act 1998.</p> <p>Result has remained consistent with the previous year.</p> <p>Councillor attendance at Council meetings continues to be very high. The ability to hold hybrid and virtual meetings has made it easier for Councillors to attend.</p>
<p>Libraries</p> <p>Utilisation</p> <p>LB1 Physical library collection usage</p> <p>[Number of physical library collection item loans / Number of physical library collection items]</p> <p>Resource standard</p> <p>LB2 Recently purchased library collection</p> <p>[Number of library collection items purchased in the last 5 years / Number of library collection items] x100</p> <p>Participation</p>	4.45	3.61	2.50	3.16	<p>The collection usage rate is slowly returning to pre-COVID levels.</p> <p>Result has remained consistent over the last four years.</p>

REPORT OF OPERATIONS (ANNUAL REPORT INSERT)

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Service / indicator / measure	Results				Comments
	2019	2020	2021	2022	
LB4 <i>Active library borrowers in municipality</i> [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100 Service cost LB5 <i>Cost of library service per population</i> [Direct cost of the library service / Population]	19.49%	18.08%	15.66%	13.67%	The effects of lockdowns linger with a reduced number of active borrowers. The library network is working on programming to encourage members to return to the library as well as signing up new members. The cost of delivering the library service to the community has decreased slightly because opening hours were reduced due to COVID-19 pandemic restrictions.
Maternal and Child Health (MCH) Service standard MC2 <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100 Service cost MC3 <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	100.77%	100.89%	101.50%	104.63%	We are seeing a slightly higher than normal birth rate from previous years. Increased cost due to increased funding in line with new variation of contract with Central Highlands Rural Health. The additional funding is for Sleep and Settling sessions and Family Violence Support.
Participation MC4 <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 Participation MC5 <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 Satisfaction MC6 <i>Participation in 4-week Key Age and Stage visit</i> [Number of 4-week key age and stage visits / Number of birth notifications received] x100	77.16%	78.99%	76.96%	86.01%	Increased rate of children attending appointments due to catch up appointments missed during Covid. Many families choose to access support services from Ballarat and District Aboriginal Cooperative.
Roads Satisfaction of use R1 <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x100 Condition R2 <i>Sealed local roads maintained to condition standards</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100 Service cost R3 <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	34.96	41.94	46.96	50.26	The number of customer requests about sealed road conditions has increased due to the high rainfall and a spike of requests related to the storm events. Result is consistent with prior years.
Service Cost R4 <i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$57.62	\$51.92	\$56.20	\$49.88	Cost decrease reflective of the nature of reconstruction projects complete in 2021/2022, being mostly large rural roads with little additional drainage or other costs incurred.
Satisfaction R5 <i>Satisfaction with sealed local roads</i>	\$6.62	\$6.80	\$7.59	\$8.67	Cost increase due to larger amount of reseal preparation (patching) in program.
Satisfaction R5 <i>Satisfaction with sealed local roads</i>	50.00	44.00	47.00	39.00	Overall decrease reflective of general satisfaction trends across Council and poor condition of arterial roads across the Shire.

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Service / indicator / measure	Results				Comments
	2019	2020	2021	2022	
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					
Statutory Planning					
Timeliness					
SP1 <i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	84.00	53.00	69.00	107.00	Increase in time taken to decide planning applications has occurred due to a significant spike in planning applications.
Service standard					
SP2 <i>Planning applications decided within required time frames</i> [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100	57.35%	60.99%	64.47%	19.70%	Increase in time taken to decide planning applications has occurred due to a significant spike in planning applications (up 25% from pre-COVID levels) and a number of vacancies within the team. Significant additional resources have been implemented and this is improving timeliness. From July 1 2022 to early September there has been a 19% reduction in the number of outstanding planning applications.
Service cost					
SP3 <i>Cost of statutory planning service</i> [Direct cost of the statutory planning service / Number of planning applications received]	\$1,643.38	\$1,662.25	\$2,012.01	\$2,458.49	The cost of the Statutory Planning Service for each application received has risen slightly over the last financial year due to additional resources being employed to reduce overall assessment timeframes as a result of a large backlog of applications.
Decision making					
SP4 <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	50.00%	0.00%	80.00%	50.00%	The percentage of set aside decisions after review of VCAT has increased over the last financial year due to an increase of applications being reviewed at VCAT. Current year saw five applications from ten set aside and previous year was four set aside from five applications.
Waste Collection					
Satisfaction					
WC1 <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000	117.20	94.46	96.44	104.19	A small increase largely due to confusion and additional requests due to a bin collection schedule change.
Service standard					
WC2 <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	4.06	4.58	3.59	5.89	A small increase largely due to confusion and additional requests due to a bin collection schedule change, as well as a new supplier as part of the changeover. Rates improved towards the end of the financial year.
Service cost					
WC3 <i>Cost of kerbside garbage bin collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$98.85	\$111.64	\$119.33	\$149.49	Change in kerbside contract and increase in landfill levy led to increased kerbside cost to residents for waste.
Service cost					
WC4 <i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$61.67	\$71.43	\$85.15	\$77.88	Change in kerbside contract led to a slight decrease in cost for recycling costs.
Waste diversion					
WC5 <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	37.08%	37.81%	48.46%	40.22%	It is believed that the decrease from 48% to 40% can be attributed to changes in the communities habits with changing COVID restriction levels, including an increase in visitors to the shire and residents spending less time at home following the lifting of restrictions.