



Bass Coast Shire Council Council Meeting Agenda

Wednesday 4 October 2023

Council Chamber

Bass Coast Civic Centre

Baillieu Street East, Wonthaggi

Commencing at 1:30 pm



Community Vision 2041

Vision Statement

From its flowing hills to its wild unspoiled coastlines, the Bass Coast is a source of celebration for all who live in and visit the region.

Our townships are vibrant, rich with culture and full of life, each with its own distinct character. Drawing on our creativity, innovation and resilience we've created a thriving and diverse economy that supports sustainable agriculture and industry.

We live proudly on Bunurong Country, and build on learnings from our First Peoples and their knowledge. We coexist in harmony with our environment, and are prepared for future challenges and changes.

We are the people of the Bass Coast. Experience our cultures and history, and contribute to our story.

Notice of Meeting

Notice is hereby given that the next **Council Meeting** of the Bass Coast Shire Council will be held at the Council Chamber Bass Coast Civic Centre Baillieu Street East, Wonthaggi on 4 October 2023 at **1:30 pm**

Date of Notice – 28 September 2023

James Stirton

Acting CEO

Mobile Telephone Reminder

Please turn off all mobile telephones or in the case of an emergency, please advise the Chair and switch to silent mode.

Statement of Acknowledgement

Bass Coast Shire Council acknowledge the Bunurong as the Traditional Owners and Custodians of the lands and waters, and pays respect to their Elders past, present and emerging, for they hold the memories, the traditions, the culture and Lore.

Bass Coast Shire Council celebrates the opportunity to embrace and empower the Aboriginal and/or Torres Strait Island Communities in their diversity.

Bass Coast Shire Council will create opportunities for future recognition and respectful partnerships that will honour the Traditional Owners and Custodians, and Aboriginal and/or Torres Strait Islander Peoples.

Councillor Statement

All members of this Council pledge to the Bass Coast Shire community to consider every item listed on this evening's agenda:

- Based on the individual merits of each item;
- Without bias or prejudice by maintaining an open mind; and
- Disregarding Councillors' personal interests so as to avoid any conflict with our public duty.

Any Councillor having a conflict of interest in an item will make a proper, prior disclosure to the meeting and will not participate in the debate or vote on the issue.

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I Present and Apologies

2 Declarations of Interest

Reports Requiring Council Decision

3 Reports Requiring Council Decision

3.1 Financial Statements and Performance Statement 2022/23

Division

Business Transformation

Council Plan Strategic Objective

Leading for our Community

Demonstrating leadership through good governance, transparency and accountability

Declaration

The author has no general or material interests in relation to this report.

Summary

To meet legislative requirements, the purpose of this report is to:

- Seek 'in principle' approval of the draft financial and performance statements to be submitted to the Auditor and
- Seek a resolution of Council authorising two Councillors to certify the statements in their final form following completion of the audit.

Recommendation

That Council:

1. **Approves 'in principle' the draft Annual Financial Statements and the draft Performance Statement for the year ended 30 June 2023, to be submitted to the Auditor for reporting on the audit;**
 2. **Authorises the Principal Accounting Officer to make any subsequent changes to the statements as necessary to meet the Auditor-General's requirements and**
 3. **Nominates and authorises the Mayor, Councillor Michael Whelan and Deputy Mayor, Councillor Rochelle Halstead to certify the statements in their final form on behalf of the Council.**
-

Background

Council's Annual Report must be presented to the community no later than 31 October 2023. Section 98 (2) of the *Local Government Act 2020* states that the audited financial Statements and Performance Statement, including the Auditor's report on the Performance Statement are to form part of the Annual Report.

Section 99 (2) states that Council must approve 'in principle' the draft Financial Statements and Performance Statement prior to formally submitting the accounts for audit. Because of the timing restrictions noted above and a requirement that an audit review is required by the Auditor-General, it is normal for the Council to provide 'in principle' approval of the draft financial statements. The bulk of the audit work will have been completed prior to Council approving the draft statements.

Any issues raised by the Auditor are required to be appropriately dealt with in the draft statements presented to Council to provide a greater degree of comfort that the statements are true and fair. A meeting of the Audit and Risk Committee was held on 27 September to review the draft statements with Council's Auditors. In principle support was provided for the financial statements, subject to there being no material changes required following the Victorian Auditor-General's Office (VAGO) review. Council's representatives on the Audit and Risk Committee can, if required, raise any further issues arising out of this meeting, directly with Council.

Discussion

The salient features of Council's financial performance are summarised below.

- \$123.8 million revenue compared to the \$93.7 million budget. This favourable variance is due to:
 - The receipt of \$15.1 million in unbudgeted developer contributions
 - Unbudgeted capital grants of \$8.1 million
 - Additional operating grants of \$3.8 million
 - Other income \$2.3 million more than budget due to increases in interest rates
- \$96.4 million expenditure, \$4.9 million more than budget. This unfavourable variance is due to:
 - A net loss on asset disposals of \$2.8 million linked to the disposal of road assets that have been renewed and land improvement assets that have been renewed.
 - Other expenses \$1.5 million more than budget due to a \$900,000 financing adjustment on landfill assets and higher than budgeted landfill levies imposed by the EPA.
- The above variances have resulted in Council's operating surplus of \$27.4 million being \$25.2 million more than budget.

- Council's underlying deficit (which excludes non-recurrent grants and capital contributions) of \$2.3 million has been impacted by the write off of assets that have been renewed as well as higher charges for depreciation and amortisation, the unbudgeted landfill financing adjustment and landfill levy increase.
- Asset revaluations were carried out during the year on Council's drainage and water sensitive design (WSUD) assets. These revaluations underpinned a \$43.1 million asset revaluation adjustment which was augmented by a \$2.2 million adjustment for land assets (including land under roads). The total asset revaluation adjustment of \$45.3 million is reflected as other comprehensive income on the Income Statement and increases the overall Comprehensive Result to \$72.7 million.
- Cash and investments (including other financial assets) decreased from \$72 million to \$60 million compared to the previous year end. This decrease is due to the continued acceleration in the delivery of the capital works program and the drawdown of funding that was set aside in previous years for the progression of carry over projects.
- Net borrowings increased by \$4 million to \$20.4 million. This is due to loan drawdowns associated with the new cultural centre in Cowes. Council also repaid \$3.7 million in borrowings ahead of schedule during the year.
- \$49.1 million has been expended against the capital works program of which \$46.9 million has been recognised as capital expenditure. The remaining \$2.2 million has been expensed as operational expenditure.

Council's Performance Statement reflects the following significant changes compared to the preceding year:

- The relative socio-economic disadvantage index prepared by the Australian Bureau of Statistics (ABS) has been reviewed. The result has increased from three to five for Bass Coast, on a scale of one for most disadvantaged to ten for least disadvantaged.
- Utilisation of aquatic facilities has rebounded following the end of the pandemic and the normalisation of operating hours. The number of visits has increased from 47,066 in 2021/22 to 122,979 and is now back to pre Covid levels.
- The percentage of Council planning decisions upheld at VCAT has increased from 43.75% to 68.75%.

Council has maintained its best in sector rates of waste diversion from landfill of 75% and the financial performance indicators reported confirm the sound financial position of the Council.

Sustainability Implications

There are no sustainability implications associated with this report.

Finances

The costs associated with the development of the 2022/23 Financial Statements and Performance Statement have been factored into the operating budget of the Finance department. This includes staff costs and the VAGO audit fees.

Stakeholders

Council is responsible for the preparation of the statements. The Auditor-General is responsible for auditing the statements and providing audit reports which are included in Council's Annual Report. The Annual Report is a public document and is published on Council's website.

Conclusion

Before Council considers and approves the financial and performance statements 'in-principle', the Audit and Risk Committee reviews and discusses the statements with the Auditor present. The Committee then makes a recommendation to the Council as to whether the Council should approve the statements 'in-principle'.

Once Council approves the statements 'in-principle' and authorises two Councillors to sign the statements, the statements are presented to the Auditor-General for the issuing of audit certificates. These certificates will be published along with the statements in the Annual Report.

A copy of the Annual Report for 2022-23 will be presented to Council at the 18 October meeting.

Council needs to adopt the recommendation to finalise the 2022-23 financial and performance statements.

Governing Documents

Local Government Act 2020

Attachments

1. BCSC Financial Statements 2022-23 FINAL - 2023 09 27 [3.1.1 - 58 pages]
2. BCSC Performance Statement 2022-2023 25.09.2023 [3.1.2 - 15 pages]

**Bass Coast Shire Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2023

**Bass Coast Shire Council
Financial Report
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**Bass Coast Shire Council
Financial Report
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*Bass Coast Shire Council
2022/2023 Financial Report*

Certification of the Financial Statements

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

David Filmlter, CA
Principal Accounting Officer

Dated : 18 October 2023
76 McBride Ave, Wonthaggi VIC 3995

In our opinion, the accompanying financial statements present fairly the financial transactions of the Bass Coast Shire Council for the year ended 30 June 2023 and the financial position of the Council as at that date.

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

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

Cr. Michael Whelan
Councillor
Dated : 18 October 2023
76 McBride Ave, Wonthaggi
VIC 3995

Cr. Rochelle Halstead
Councillor
Dated : 18 October 2023
76 McBride Ave, Wonthaggi
VIC 3995

James Stilton
Acting Chief Executive Officer
Dated : 18 October 2023
76 McBride Ave, Wonthaggi
VIC 3995

*Bass Coast Shire Council
2022/2023 Financial Report*

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Bass Coast Shire Council
2022/2023 Financial Report

**Comprehensive Income Statement
For the Year Ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
Income / Revenue			
Rates and charges	3.1	69,880	70,153
Statutory fees and fines	3.2	3,179	3,220
User fees	3.3	5,176	3,792
Grants - operating	3.4	11,341	11,864
Grants - capital	3.4	14,003	11,188
Contributions - monetary	3.5	1,643	410
Contributions - non monetary	3.5	15,075	13,987
Other income	3.7	3,499	1,925
Total income / revenue		123,796	116,539
Expenses			
Employee costs	4.1	33,053	32,042
Materials and services	4.2	36,167	34,523
Depreciation	4.3	18,054	16,624
Amortisation - intangible assets		362	725
Amortisation - right of use assets		278	260
Bad and doubtful debts - allowance for impairment losses	4.4	35	13
Borrowing costs		555	227
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	2,813	2,404
Finance costs - leases		22	23
Other expenses	4.5	5,060	5,736
Total expenses		96,399	92,577
Surplus/(deficit) for the year		27,397	23,962
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	6.1	45,307	47,348
Total other comprehensive income		45,307	47,348
Total comprehensive result		72,704	71,310

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

Bass Coast Shire Council
2022/2023 Financial Report

**Balance Sheet
As at 30 June 2023**

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	44,988	49,213
Trade and other receivables	5.1	13,854	14,202
Other financial assets	5.1	15,040	22,806
Inventories		31	59
Prepayments	5.2	762	982
Other assets	5.2	209	91
Total current assets		74,884	87,353
Non-current assets			
Property, infrastructure, plant and equipment	6.1	949,772	864,002
Right-of-use assets	5.8	1,007	1,204
Intangible assets	5.2	2,680	2,670
Total non-current assets		953,459	867,876
Total assets		1,028,343	955,229
Liabilities			
Current liabilities			
Trade and other payables	5.3	7,738	7,562
Trust funds and deposits	5.3	5,968	5,805
Unearned income/revenue	5.3	20,054	24,564
Provisions	5.5	7,292	7,110
Interest-bearing liabilities	5.4	8,826	13,763
Lease liabilities	5.8	292	267
Total current liabilities		50,170	59,071
Non-current liabilities			
Provisions	5.5	13,235	12,679
Interest-bearing liabilities	5.4	11,619	2,646
Lease liabilities	5.8	741	959
Total non-current liabilities		25,595	16,284
Total liabilities		75,765	75,355
Net assets		952,578	879,874
Equity			
Accumulated surplus		345,409	310,194
Reserves	9.1	607,169	569,680
Total Equity		952,578	879,874

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

Bass Coast Shire Council
2022/2023 Financial Report

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

	Note	Accumulated		Revaluation	Other
		Total	Surplus	Reserve	Reserves
2023		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		879,874	310,194	522,733	46,947
Surplus/(deficit) for the year		27,397	27,397	-	-
Net asset revaluation increment/(decrement)	6.1	45,307	-	45,307	-
Transfers to other reserves	9.1	-	(29,213)	-	29,213
Transfers from other reserves	9.1	-	37,031	-	(37,031)
		<u>952,578</u>	<u>345,409</u>	<u>568,040</u>	<u>39,129</u>
Balance at end of the financial year		952,578	345,409	568,040	39,129

	Note	Accumulated		Revaluation	Other
		Total	Surplus	Reserve	Reserves
2022		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		808,252	283,266	475,385	49,601
Surplus/(deficit) for the year		23,962	23,962	-	-
Net asset revaluation increment/(decrement)	6.1	47,660	312	47,348	-
Transfers to other reserves	9.1	-	(36,141)	-	36,141
Transfers from other reserves	9.1	-	38,795	-	(38,795)
		<u>879,874</u>	<u>310,194</u>	<u>522,733</u>	<u>46,947</u>
Balance at end of the financial year		879,874	310,194	522,733	46,947

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

Bass Coast Shire Council
2022/2023 Financial Report

**Statement of Cash Flows
For the Year Ended 30 June 2023**

	Note	2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		68,632	69,017
Statutory fees and fines		3,178	3,239
User fees		8,894	3,808
Grants - operating		10,965	11,507
Grants - capital		7,738	11,287
Contributions - monetary		2,617	3,108
Interest received		2,203	296
Dividends received		3	3
Trust funds and deposits taken		12,211	19,581
Other receipts		1,585	1,473
Net GST refund		6,913	5,516
Employee costs		(33,487)	(32,390)
Materials and services		(38,187)	(38,858)
Trust funds and deposits repaid		(12,048)	(21,369)
Other payments		(7,944)	(6,077)
Net cash provided by/(used in) operating activities		33,273	30,141
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(49,092)	(36,032)
Proceeds from sale of property, infrastructure, plant and equipment		671	386
Payments for investments		7,766	(3,146)
Net cash provided by/(used in) investing activities		(40,655)	(38,792)
Cash flows from financing activities			
Finance costs		(581)	(251)
Proceeds from borrowings		16,100	13,637
Repayment of borrowings		(12,063)	(11,980)
Repayment of lease liabilities		(299)	(254)
Net cash provided by/(used in) financing activities		3,157	1,152
Net increase (decrease) in cash and cash equivalents		(4,225)	(7,499)
Cash and cash equivalents at the beginning of the financial year		49,213	56,712
Cash and cash equivalents at the end of the financial year		44,988	49,213

Financing arrangements 5.6

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

Bass Coast Shire Council
2022/2023 Financial Report

**Statement of Capital Works
For the Year Ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
Property			
Land		-	1,208
Land improvements		10,920	9,754
Total land		10,920	10,962
Buildings		23,357	9,124
Total buildings		23,357	9,124
Total property		34,277	20,086
Plant and equipment			
Plant, machinery and equipment		2,175	2,403
Computers and telecommunications		870	449
Artworks		24	80
Total plant and equipment		3,069	2,932
Infrastructure			
Roads		6,272	7,819
Bridges		253	56
Footpaths and cycleways		2,471	2,184
Drainage		18	1,107
Water sensitive urban design		-	(4)
Waste management		566	701
Total infrastructure		9,580	11,863
Total capital works expenditure		46,926	34,881
Represented by:			
New asset expenditure		7,779	11,532
Asset renewal expenditure		12,494	10,404
Asset expansion expenditure		19,723	385
Asset upgrade expenditure		6,930	12,560
Total capital works expenditure		46,926	34,881

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 2023**

Note 1 OVERVIEW

Introduction

Bass Coast Shire Council was established by an Order of the Governor in Council on 1 December 1994 and is a body corporate. The Council's main office is located at 76 McBride Avenue Wonthaggi VIC 3995.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

Significant accounting policies

1.1 Basis of accounting

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

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

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable
- other areas requiring judgements

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

Goods and Services Tax (GST)

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

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

Note 1 OVERVIEW (Cont.)

1.2 Impact of Covid-19

During 2022-23 the COVID-19 pandemic continued to impact on Council's operations. Council has noted the following significant impacts on its financial operations:

- Asset valuations – Land values have increased significantly in the Shire since the advent of the pandemic which is associated with property market volatility that is occurring now. Furthermore supply chain disruptions are driving up the cost of materials and building replacement costs. These conditions are expected to continue into 2023/24 as skilled labour supply shortages and rising inflation exacerbate building sector cost pressures. As monetary policy settings and economic stimulus withdraws property and market activity will start to ease.

1.3 Impact of Flood Event

While Bass Coast Shire was not directly impacted by the 2022 Flood event, asset managers have identified that some of our bridges and culverts have been damaged due to high water levels linked to abnormal rainfall in 2022. This has required some roads to be closed in the Shire and for the Council to undertake emergency works in 2022/23 to repair bridges and culverts that have been damaged. Council has applied for and will receive emergency funding to offset this unbudgeted expenditure in 2023/24..

Bass Coast Shire Council
2022/2023 Financial Report

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

Note 2 ANALYSIS OF OUR RESULTS

2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10% percent or \$1,000,000 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.

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

2.1.1 Income / Revenue and expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	69,762	69,880	118	0%	
Statutory fees and fines	3,862	3,179	(683)	(18%)	1
User fees	4,746	5,176	430	9%	
Grants - operating	7,510	11,341	3,831	51%	2
Grants - capital	5,894	14,003	8,109	138%	3
Contributions - monetary	711	1,643	932	131%	4
Contributions - non monetary	-	15,075	15,075	100%	5
Other income	1,222	3,499	2,277	186%	6
Total income / revenue	93,707	123,796	30,089	32%	
Expenses					
Employee costs	33,377	33,053	(324)	(1%)	
Materials and services	36,243	36,167	(76)	0%	
Depreciation	17,292	18,054	762	4%	
Amortisation - intangible assets	219	362	143	65%	7
Amortisation - right of use assets	271	278	7	3%	
Bad and doubtful debts - allowance for impairment losses	10	35	25	250%	
Borrowing costs	466	555	89	19%	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	2,813	2,813	100%	8
Finance costs - leases	25	22	(3)	(12%)	
Other expenses	3,567	5,060	1,493	42%	9
Total expenses	91,470	96,399	4,929	5%	
Surplus/(deficit) for the year	2,237	27,397	25,160	1,125%	

Bass Coast Shire Council
2022/2023 Financial Report

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

(i) Explanation of material variations

1	Statutory fees and fines	Lower than budget mostly due to reduction in Development Application fees linked to the slow down in the property market.
2	Grants - operating	Higher than budget mostly as a result of Commonwealth Government decision to bring forward 100% of the estimated 23/24 Financial Assistance Grant equating to an additional grant received of \$3.0 million compared to budget.
3	Grants - capital	Capital grants are higher than budget due to the recognition of non-recurrent Government funding, including \$4.3 million for Cowes Cultural and Community Centre, \$1.6 million Pavilion Projects, \$1.3 million for Rhyll Boat Ramp and \$0.7 million Guy Road Pathway.
4	Contributions - monetary	Cash contributions are recognised once the corresponding obligation or expense has occurred. The variance to budget is due to timing of the collection of developer infrastructure levies.
5	Contributions - non monetary	Non monetary developer contributed assets are received on completion of developments. As it is difficult to project the value and timing of these contributions they are not included in Council's budget.
6	Other income	Higher than budgeted due to significant increase in interest rates on invested surplus cash.
7	Amortisation - intangible assets	Higher than budgeted due to the increased aftercare costs associated with closed landfill sites.
8	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	The loss on disposal of fixed assets mostly relates to the disposal of land improvement and road renewal assets.
9	Other expenses	Other expenses are higher due to the unbudgeted financing adjustment on the landfill assets valued at \$0.9 million, as well as higher than budgeted landfill levies imposed by the EPA.

Bass Coast Shire Council
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**Notes to the Financial Report
For the Year Ended 30 June 2023**

2.1.2 Capital works

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	-	-	-	0%	
Land improvements	9,709	10,920	1,211	12%	1
Total land	9,709	10,920	1,211	12%	
Buildings	6,203	23,357	17,154	277%	2
Total buildings	6,203	23,357	17,154	277%	
Total property	15,912	34,277	18,365	115%	
Plant and equipment					
Plant, machinery and equipment	2,378	2,175	(203)	(9%)	
Computers and telecommunications	860	870	10	1%	
Artworks	50	24	(26)	(52%)	
Total plant and equipment	3,288	3,069	(218)	(7%)	
Infrastructure					
Roads	6,057	6,272	215	4%	
Bridges	94	253	159	169%	3
Footpaths and cycleways	1,392	2,471	1,079	77%	4
Drainage	515	18	(497)	(97%)	5
Waste management	1,750	566	(1,184)	(68%)	6
Total infrastructure	9,808	9,580	(228)	(2%)	
Total capital works expenditure	29,008	46,925	17,918	62%	
Represented by:					
New asset expenditure	9,808	7,779	(2,029)	(21%)	
Asset renewal expenditure	11,531	12,494	963	8%	
Asset expansion expenditure	3,495	19,723	16,228	464%	
Asset upgrade expenditure	4,174	6,930	2,756	66%	
Total capital works expenditure	29,008	46,926	17,918	62%	

Bass Coast Shire Council
2022/2023 Financial Report

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

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land Improvements	Works completed for Rhyll Boat Ramp was fully funded by Government grants and not budgeted for in 2022/23.
2	Buildings	Works completed in 2022/23 for Cowes Cultural and Community Centre that was originally budgeted to be spent in prior year.
3	Bridges	Emergency works completed in 2022/23 on bridge assets due to flood events in 2022/23.
4	Footpaths and cycleways	Works completed in 2022/23 for Corinella Shared Path project was budgeted to be spent in prior years.
5	Drainage	Expenditure less than budgeted due to write off of works completed on non council owned assets at Pioneer Bay and Seagrove Estate.
6	Waste management	Expenditure less than budgeted due to deferral of Grantville Landfill Micro Turbines project to future years.

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

2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Strategic Objectives

Protecting our Natural Environment

Building resilience and protecting and enhancing our natural assets.

Healthy Community

An inclusive community that embraces its lifestyle and supports health and wellbeing

Our Places

Strengthening the connection between people and the public places they share

Growing our Economy

Progressing opportunities for visitation, economy and business growth in harmony with our natural environment and sustainable values

Sustainable Development

Prepare for growth while ensuring the intrinsic values and character of Bass Coast are retained

Leading for our Community

Demonstrating leadership through good governance, transparency and accountability.

Bass Coast Shire Council
2022/2023 Financial Report

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

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

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Protecting our natural environment	4,943	17,493	(12,550)	1,161	2,680
Healthy Community	4,603	6,715	(2,112)	2,938	-
Our Places	13,458	21,357	(7,899)	12,648	679,328
Growing our economy	1,118	2,646	(1,528)	963	31
Sustainable Development	2,973	6,248	(3,275)	40	-
Leading for our community	96,701	41,940	54,761	7,594	342,316
Unattributed	-	-	-	-	3,988
	123,796	96,399	27,397	25,344	1,028,343

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Protecting our natural environment	4,228	17,874	(13,646)	1,326	2,670
Healthy Community	4,001	10,763	(6,762)	2,789	-
Our Places	13,722	17,987	(4,265)	10,718	604,130
Growing our economy	539	3,375	(2,836)	429	57
Sustainable Development	2,260	5,671	(3,411)	184	-
Leading for our community	91,789	36,907	54,882	7,606	342,520
Unattributed	-	-	-	-	5,852
	116,539	92,577	23,962	23,052	955,229

Bass Coast Shire Council
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**Notes to the Financial Report
For the Year Ended 30 June 2023**

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES

3.1 Rates and charges	2023 \$'000	2022 \$'000
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Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its estimated market value.

The valuation base used to calculate general rates for 2022/23 was \$25.512 billion (2021/22 \$18.128 billion).

General rates	54,225	52,476
Waste management charge	14,287	14,046
Special rates and charges	-	2,367
Supplementary rates and rate adjustments	846	794
Interest on rates and charges	488	439
Revenue in lieu of rates	34	31
Total rates and charges	69,880	70,153

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

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

3.2 Statutory fees and fines

Infringements and costs	358	327
Town planning fees	558	918
Land information certificates	67	121
Permits	2,196	1,854
Total statutory fees and fines	3,179	3,220

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	19	9
Leisure centre and recreation	861	707
Waste management services	3,467	2,675
Other fees and charges	829	401
Total user fees	5,176	3,792

User fees by timing of revenue recognition

User fees recognised over time	63	40
User fees recognised at a point in time	5,113	3,752
Total user fees	5,176	3,792

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.

Bass Coast Shire Council
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Notes to the Financial Report
For the Year Ended 30 June 2023

	2023	2022
	\$'000	\$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	17,644	13,425
State funded grants	7,700	9,627
Total grants received	<u>25,344</u>	<u>23,052</u>
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	10,125	9,673
Other	30	28
<i>Recurrent - State Government</i>		
Environment	-	59
Community health	41	44
Community safety	213	206
Other	20	5
Total recurrent operating grants	<u>10,429</u>	<u>10,015</u>
<i>Non-recurrent - Commonwealth Government</i>		
Other	40	777
<i>Non-recurrent - State Government</i>		
Environment	178	146
Other	694	926
Total non-recurrent operating grants	<u>912</u>	<u>1,849</u>
Total operating grants	<u>11,341</u>	<u>11,864</u>
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	924	924
Total recurrent capital grants	924	924
<i>Non-recurrent - Commonwealth Government</i>		
Buildings	4,292	660
Transport Network	2,023	1,349
Other	210	14
<i>Non-recurrent - State Government</i>		
Buildings	1,294	894
Transport Network	317	291
Recreation	3,627	6,053
Waste Management	424	185
Footpaths and cycleways	-	735
Other	892	83
Total non-recurrent capital grants	<u>13,079</u>	<u>10,264</u>
Total capital grants	<u>14,003</u>	<u>11,188</u>

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

3.4 Funding from other levels of government (Cont.)

(c) Recognition of grant income

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

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

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

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

	2023	2022
	\$'000	\$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	10,125	9,673
Other specific purpose grants	162	226
Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>		
Specific purpose grants	15,057	13,153
	<u>25,344</u>	<u>23,052</u>
(d) Unspent grants received on condition that they be spent in a specific manner		
<i>Operating</i>		
Balance at start of year	2,543	3,573
Received during the financial year and remained unspent at balance date	767	623
Received in prior years and spent during the financial year	(1,193)	(1,653)
Balance at year end	<u>2,117</u>	<u>2,543</u>
<i>Capital</i>		
Balance at start of year	12,765	10,903
Received during the financial year and remained unspent at balance date	3,305	7,059
Received in prior years and spent during the financial year	(8,431)	(5,197)
Balance at year end	<u>7,639</u>	<u>12,765</u>

Unspent grants are determined and disclosed on a cash basis.

Bass Coast Shire Council
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**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023	2022
	\$'000	\$'000
3.5 Contributions		
Monetary	1,643	410
Non-monetary	15,075	13,987
Total contributions	16,718	14,397

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

Land Improvements	612	810
Roads	5,099	6,466
Infrastructure	9,364	6,711
Total non-monetary contributions	15,075	13,987

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	671	387
Written down value of assets disposed	(3,484)	(2,791)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(2,813)	(2,404)

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

3.7 Other income

Interest	2,203	296
Dividends	3	3
Other rent	212	175
Financing discount gain	168	560
Other	913	891
Total other income	3,499	1,925

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.

Bass Coast Shire Council
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Notes to the Financial Report
For the Year Ended 30 June 2023

Note 4 THE COST OF DELIVERING SERVICES

	2023	2022
	\$'000	\$'000
4.1 (a) Employee costs		
Wages and salaries	25,642	24,822
Annual leave	2,467	2,376
Superannuation	3,247	2,809
Long service leave	701	472
WorkCover	796	1,268
Fringe benefits tax	177	149
Other	23	146
Total employee costs	33,053	32,042

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	101	98
	101	98
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,540	1,478
Employer contributions - HostPlus	232	207
Employer contributions - Australian Super	260	205
Employer contributions - Vic Super	176	154
Employer contributions - other funds	933	667
	3,141	2,711
Employer contributions payable at reporting date.	126	-

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

4.2 Materials and services

Contractor payments	10,703	10,857
General maintenance	2,143	1,950
Utilities	1,026	856
Information technology	2,765	2,137
Insurance	809	752
Consultants	3,075	2,040
Banking and financing fees	170	186
Subscriptions and memberships	219	198
Advertising	187	174
Cost of goods sold	116	67
Legal and debt recovery	1,069	3,433
Staff development and recruitment	799	631
Waste management	8,958	8,026
Library	1,946	1,913
Property leases	1	1
Consumables	1,536	1,081
Other	645	221
Total materials and services	36,167	34,523

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

Bass Coast Shire Council
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Notes to the Financial Report
For the Year Ended 30 June 2023

	2023	2022
	\$'000	\$'000
4.3 Depreciation		
Property	4,154	3,524
Plant and equipment	1,576	1,372
Infrastructure	12,324	11,728
Total depreciation	18,054	16,624

Refer to note 5.2(c), 5.8 and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Bad and doubtful debts - allowance for impairment losses

Other debtors	35	13
Total bad and doubtful debts - allowance for impairment losses	35	13

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	95	279
New provisions recognised during the year	96	62
Amounts already provided for and written off as uncollectible	(2)	(1)
Amounts provided for but recovered during the year	(65)	(245)
Balance at end of year	124	95

An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.5 Other expenses

Landfill levy	1,564	1,314
Land management rebate	622	666
Councillors' allowances	360	338
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	50	70
Auditors' remuneration - Internal Audit	41	21
Fire services levy	170	14
Contributions to other organisations	1,259	1,322
Fee Waivers	24	-
Landfill provision financing costs	920	-
Write off of investment in library	-	1,970
Others	50	21
Total other expenses	5,060	5,736

Bass Coast Shire Council
2022/2023 Financial Report

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

Note 5 OUR FINANCIAL POSITION

	2023	2022
	\$'000	\$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	6	6
Cash at bank	25,982	21,767
Term deposits	19,000	27,440
Total cash and cash equivalents	44,988	49,213
(b) Other financial assets		
Current		
Term deposits - current	15,000	22,766
Shares in community bank	40	40
Total current other financial assets	15,040	22,806
Total other financial assets	15,040	22,806
Total financial assets	60,028	72,019

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.

Bass Coast Shire Council
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**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	6,704	5,327
Special rate assessment	2,262	2,512
Fire services levy debtors	592	471
Net GST receivable	1,279	1,116
<i>Non statutory receivables</i>		
Other debtors	3,141	4,871
Provision for doubtful debts - other debtors	(124)	(95)
Total current trade and other receivables	<u>13,854</u>	<u>14,202</u>
Total trade and other receivables	<u>13,854</u>	<u>14,202</u>

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)	1,355	3,188
Past due by up to 30 days	33	580
Past due between 31 and 180 days	389	438
Past due between 181 and 365 days	630	177
Past due by more than 1 year	734	488
Total trade and other receivables	<u>3,141</u>	<u>4,871</u>

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$262K (2022: \$132K) were impaired. The amount of the provision raised against these debtors was \$124K (2022: \$95K). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	17	34
Past due between 181 and 365 days	24	23
Past due by more than 1 year	83	38
Total trade & other receivables	<u>124</u>	<u>95</u>

Bass Coast Shire Council
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**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.2 Non-financial assets	2023	2022
(a) Other assets	\$'000	\$'000
Prepayments	762	982
Accrued income	209	91
Total other assets	971	1,073
(b) Intangible assets		
Landfill air space	2,680	2,670
Total intangible assets	2,680	2,670
Gross carrying amount		
Balance at 1 July 2022	2,920	4,713
Additions from internal developments	-	-
Reestimation of gross carrying amount	372	1,220
Revaluation of asset due to change in cost estimates	-	(3,013)
Balance at 30 June 2023	<u>3,292</u>	<u>2,920</u>
Accumulated amortisation and impairment		
Balance at 1 July 2022	250	2,538
Amortisation expense	362	725
Revaluation of asset due to change in cost estimates	-	(3,013)
Balance at 30 June 2023	<u>612</u>	<u>250</u>
Net book value at 30 June	<u>2,680</u>	<u>2,670</u>

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.

Bass Coast Shire Council
2022/2023 Financial Report

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

5.3 Payables, trust funds and deposits and unearned income/revenue	2023	2022
(a) Trade and other payables	\$'000	\$'000
Current		
<i>Non-statutory payables</i>		
Trade payables	6,612	5,248
Accrued expenses	1,126	2,314
Total current trade and other payables	7,738	7,562
(b) Trust funds and deposits		
Current		
Fire services levy	(67)	100
Retention amounts	4	4
Monies held in trust	879	793
Refundable deposits	5,152	4,908
Total current trust funds and deposits	5,968	5,805

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

Fire Service Levy - Council is the collection agent for the fire services levy on behalf of the State Government. Council calculates amounts received on a quarterly basis. Amounts are 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 the requirements of or a related warrant or defect period elapses. 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.

Monies held in trust - this reflects funds held by Council on behalf of the San Remo and Wonthaggi cemetery trusts.

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.

(c) Unearned income/revenue

Current		
Grants received in advance - operating	2,117	2,543
Grants received in advance - capital	7,639	12,765
Contributions - monetary	9,797	8,823
User fees	472	401
Other income	29	32
Total current unearned income/revenue	20,054	24,564

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of a special purpose or obligation that has not yet been fulfilled. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

Bass Coast Shire Council
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**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.4 Interest-bearing liabilities	2023	2022
	\$'000	\$'000
Current		
Treasury Corporation of Victoria borrowings - secured	8,826	1,900
Other borrowings - secured	-	11,863
Total current interest-bearing liabilities	8,826	13,763
Non-current		
Treasury Corporation of Victoria borrowings - secured	8,973	-
Other borrowings - secured	2,646	2,646
Total non-current interest-bearing liabilities	11,619	2,646
Total	20,445	16,409

Borrowings are secured against the rates and other income of Council.

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

Not later than one year	8,826	13,763
Later than one year and not later than five years	6,332	2,646
Later than five years	5,287	-
	20,445	16,409

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 loan 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	Total
	\$ '000	restoration \$ '000	\$ '000
2023			
Balance at beginning of the financial year	8,218	11,571	19,789
Additional provisions	4,112	1,291	5,403
Amounts used	(4,155)	(205)	(4,360)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(137)	(168)	(305)
Balance at the end of the financial year	8,038	12,489	20,527
<i>Provisions - current</i>	7,052	240	7,292
<i>Provisions - non-current</i>	986	12,249	13,235
2022			
Balance at beginning of the financial year	8,361	11,076	19,437
Additional provisions	3,485	1,220	4,705
Amounts used	(3,244)	(165)	(3,409)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(384)	(560)	(944)
Balance at the end of the financial year	8,218	11,571	19,789
<i>Provisions - current</i>	6,904	206	7,110
<i>Provisions - non-current</i>	1,314	11,365	12,679

Bass Coast Shire Council
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**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023	2022
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	2,141	2,226
Long service leave	700	641
Leave in lieu	261	275
	<u>3,102</u>	<u>3,142</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	462	626
Long service leave	3,488	3,136
	<u>3,950</u>	<u>3,762</u>
Total current employee provisions	<u>7,052</u>	<u>6,904</u>
Non-current		
Long service leave	986	1,314
Total non-current employee provisions	<u>986</u>	<u>1,314</u>
Aggregate carrying amount of employee provisions:		
Current	7,052	6,904
Non-current	986	1,314
Total aggregate carrying amount of employee provisions	<u>8,038</u>	<u>8,218</u>

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

Annual leave

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

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

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

Long service leave

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

Key assumptions:

- discount rate	3.95 - 4.37	2.38 - 3.66
- index rate	1.70 - 3.25	1.6 - 3.0
- average settlement period	3.1 years	3.3 years

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	2023	2022
	\$'000	\$'000
(b) Landfill restoration		
Current	240	206
Non-current	12,249	11,365
	12,489	11,571

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

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

Key assumptions:

- discount rate	4.37 - 4.08	2.38 - 3.71
- index rate	3.0 - 6.3	3.0 - 6.2
- estimated cost to rehabilitate (\$'000)	13,902	12,279
- average settlement period	13.6 years	14.3 years

5.6 Financing arrangements

	2023	2022
	\$'000	\$'000
The Council has the following funding arrangements in place		
Credit card facilities	529	529
Treasury Corporation of Victoria facilities	17,799	1,900
Bank loan facilities	2,646	14,508
Total facilities	20,974	16,937
Used facilities	20,477	16,457
Unused facilities	497	480

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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

2023	Not later	Later than	Later than	Later than	Total
	than 1 year	1 year and	2 years and	5 years	
	\$'000	not later	not later	\$'000	\$'000
		than 2	than 5		
		years	years		
Operating					
Garbage and recycling collection	9,479	9,945	21,368	-	40,792
Software licensing	1,285	1,058	1,691	-	4,034
Leisure centre management	1,088	-	-	-	1,088
Consultancies	552	-	-	-	552
Electricity supply	447	469	1,553	568	3,037
Other	432	451	421	-	1,304
Total	13,283	11,923	25,033	568	50,807

Capital					
Buildings	10,921	-	-	-	10,921
Land Improvements	3,692	28	-	-	3,720
Roads	275	-	-	-	275
Total	14,888	28	-	-	14,916

2022	Not later	Later than	Later than	Later than	Total
	than 1 year	1 year and	2 years and	5 years	
	\$'000	not later	not later	\$'000	\$'000
		than 2	than 5		
		years	years		
Operating					
Garbage and recycling collection	5,489	5,330	15,991	444	27,254
Software licensing	414	260	7	-	681
Leisure centre management	828	759	-	-	1,587
Consultancies	805	738	-	-	1,543
Electricity supply	320	322	3,925	333	4,900
Other	413	167	7	-	587
Total	8,269	7,576	19,930	777	36,552

Capital					
Buildings	28,164	-	-	-	28,164
Pathways	1,471	-	-	-	1,471
Land Improvements	3,979	69	35	-	4,083
Roads	104	-	-	-	104
Total	33,718	69	35	-	33,822

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(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 10 years. All leases include a CPI based revision of the rental charge annually.

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

	2023	2022
	\$'000	\$'000
Not later than one year	969	931
Later than one year and not later than five years	3,712	3,652
Later than five years	9,657	9,640
	14,338	14,223

5.8 Leases

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

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

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

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

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

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

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

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

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

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

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

5.8 Leases (Cont.)

Right-of-Use Assets	Property \$'000	Total \$'000
Balance at 1 July 2022	1,204	1,204
Additions	81	81
Amortisation charge	(278)	(278)
Balance at 30 June 2023	<u>1,007</u>	<u>1,007</u>

Lease Liabilities	2023 \$'000	2022 \$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	310	288
One to five years	761	1,007
More than five years	-	-
Total undiscounted lease liabilities as at 30 June:	<u>1,071</u>	<u>1,295</u>

Lease liabilities included in the Balance Sheet at 30 June:

Current	292	267
Non-current	741	959
Total lease liabilities	<u>1,033</u>	<u>1,226</u>

Short-term and low value leases

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

Expenses relating to:	2023 \$'000	2022 \$'000
Short-term leases	1	-
Leases of low value assets	-	-
Total	<u>1</u>	<u>-</u>

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

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

Payable:

Within one year	1	-
Later than one year but not later than five years	-	-
Total lease commitments	<u>1</u>	<u>-</u>

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

Note 6 ASSETS WE MANAGE

6.1 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2022	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Carrying amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	310,555	-	612	2,235	(4,154)	(1,323)	-	18,657	326,582
Plant and equipment	10,802	-	-	-	(1,576)	(433)	-	3,114	11,907
Infrastructure	504,109	-	14,463	43,072	(12,324)	(1,728)	-	11,141	558,733
Work in progress	38,536	49,092	-	-	-	-	(2,166)	(32,912)	52,550
	864,002	49,092	15,075	45,307	(18,054)	(3,484)	(2,166)	-	949,772

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	25,137	34,111	(485)	(19,495)	39,268
Plant and equipment	184	3,091	(23)	(3,107)	145
Infrastructure	13,215	11,890	(1,658)	(10,310)	13,137
Total	38,536	49,092	(2,166)	(32,912)	52,550

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(a) Property

	Land - specialised	Land - non specialised	Land under roads	Land improvements	Total Land & Land Improvements	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	177,302	3,814	38,203	43,149	262,468	105,606	105,606	25,137	393,211
Accumulated depreciation at 1 July 2022	-	-	-	(17,367)	(17,367)	(40,152)	(40,152)	-	(57,519)
	177,302	3,814	38,203	25,782	245,101	65,454	65,454	25,137	335,692
Movements in fair value									
Additions	-	-	-	-	-	-	-	34,111	34,111
Contributions	-	-	-	612	612	-	-	-	612
Revaluation	1,590	43	602	-	2,235	-	-	-	2,235
Disposal	-	-	-	(2,146)	(2,146)	(1,815)	(1,815)	-	(3,961)
Write-off	-	-	-	-	-	-	-	(485)	(485)
Transfers	-	-	-	14,122	14,122	4,535	4,535	(19,495)	(838)
	1,590	43	602	12,588	14,823	2,720	2,720	14,131	31,674
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	(1,984)	(1,984)	(2,170)	(2,170)	-	(4,154)
Accumulated depreciation of disposals	-	-	-	1,143	1,143	1,495	1,495	-	2,638
	-	-	-	(841)	(841)	(675)	(675)	-	(1,516)
At fair value 30 June 2023	178,892	3,857	38,805	55,737	277,291	108,326	108,326	39,268	424,885
Accumulated depreciation at 30 June 2023	-	-	-	(18,208)	(18,208)	(40,827)	(40,827)	-	(59,035)
Carrying amount	178,892	3,857	38,805	37,529	259,083	67,499	67,499	39,268	365,850

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(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Art works	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	12,478	1,428	1,714	4,072	184	19,876
Accumulated depreciation at 1 July 2022	(5,791)	(1,341)	(627)	(1,131)	-	(8,890)
	6,687	87	1,087	2,941	184	10,986
Movements in fair value						
Additions	-	-	-	-	3,091	3,091
Contributions	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Disposal	(1,389)	(271)	-	-	-	(1,660)
Write-off	-	-	-	-	(23)	(23)
Transfers	2,168	-	892	54	(3,107)	7
	779	(271)	892	54	(39)	1,415
Movements in accumulated depreciation						
Depreciation and amortisation	(1,167)	(2)	(360)	(47)	-	(1,576)
Accumulated depreciation of disposals	957	270	-	-	-	1,227
	(210)	268	(360)	(47)	-	(349)
At fair value 30 June 2023	13,257	1,157	2,606	4,126	145	21,291
Accumulated depreciation at 30 June 2023	(6,001)	(1,073)	(987)	(1,178)	-	(9,239)
Carrying amount	7,256	84	1,619	2,948	145	12,052

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(c) Infrastructure

	Roads	Footpaths and cycleways	Bridges	Drainage	Waste Management	Water sensitive urban design	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	389,926	44,043	44,468	145,236	6,449	9,196	13,215	652,533
Accumulated depreciation at 1 July 2022	(81,666)	(10,578)	(11,520)	(25,124)	(4,005)	(2,316)	-	(135,209)
	308,260	33,465	32,948	120,112	2,444	6,880	13,215	517,324
Movements in fair value								
Additions	-	-	-	-	-	-	11,890	11,890
Contributions	5,099	1,512	1,495	5,572	-	785	-	14,463
Revaluation	-	-	-	56,271	-	12,657	-	68,928
Disposal	(2,648)	(65)	(63)	(318)	-	-	-	(3,094)
Write-off	-	-	-	-	-	-	(1,658)	(1,658)
Transfers	7,488	1,257	-	2,288	-	108	(10,310)	831
	9,939	2,704	1,432	63,813	-	13,550	(78)	91,360
Movements in accumulated depreciation								
Depreciation and amortisation	(8,873)	(852)	(832)	(1,185)	(354)	(228)	-	(12,324)
Accumulated depreciation of revaluations	-	-	-	(23,665)	-	(2,191)	-	(25,856)
Accumulated depreciation of disposals	1,282	21	11	52	-	-	-	1,366
	(7,591)	(831)	(821)	(24,798)	(354)	(2,419)	-	(36,814)
At fair value 30 June 2023	399,865	46,747	45,900	209,049	6,449	22,746	13,137	743,893
Accumulated depreciation at 30 June 2023	(89,257)	(11,409)	(12,341)	(49,922)	(4,359)	(4,735)	-	(172,023)
Carrying amount	310,608	35,338	33,559	159,127	2,090	18,011	13,137	571,870

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Acquisition

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

Where assets are constructed by Council, cost includes all materials used in construction, direct labour and project management costs.

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 \$'000
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
Land	-	-
Land under roads	-	-
Land improvements	15 - 180	1 - 5
Buildings		
Buildings (long and short life components)	20 - 100	10
Plant and Equipment		
Plant, machinery and equipment	5 - 10	10
Fixtures, fittings and furniture	3 - 10	5
Computers and telecommunications	3 - 10	5
Artworks	20 - 100	5
Infrastructure		
Roads - seals, pavement and substructure	12 - 150	10
Roads - formation and earthworks	Indefinite	10
Roads - kerb, channel and other	80	10
Bridges - deck and substructure	25 - 100	10
Bridges - others	50 - 100	10
Footpaths, cycleways & trails	15 - 60	1 - 3
Drainage	25 - indefinite	1 - 5
Waste management	7 - 15	10
Water sensitive urban design	25 - 100	10
Intangible assets		
Landfill airspace	3 - 20	10

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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

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Valuation of land and buildings

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

A desktop fair value assessment of land under roads has been carried out in 2022/23. This adjustment has no impact on the comprehensive income statement.

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

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Land - specialised	-	-	178,892	Jun-22	full
Land - non specialised	-	3,857	-	Jun-22	full
Land under roads	-	-	38,805	Jun-22	index
Land Improvements	-	-	37,529	Oct-17	full
Buildings	-	-	67,499	Jun-22	full
Total	-	3,857	322,725		

Valuation of plant and equipment

The valuation of plant and equipment, except for art works, is at fair value based on cost less accumulated depreciation as at the balance sheet date. Valuation of artworks has been determined in accordance with an independent valuation undertaken by Assetic Pty Ltd at 31 October 2017.

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

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Plant machinery and equipment	-	-	7,256		
Fixtures fittings and furniture	-	-	84		
Computers and telecommunications	-	-	1,619		
Art works	-	-	2,948	Oct-17	full
Total	-	-	11,907		

Valuation of infrastructure

Valuation of Stormwater drainage and Water Sensitive Design (WSUD) Infrastructure was undertaken by a qualified independent valuer Counterpart Solutions Pty Ltd. Registration number PE0008367. The valuation of Stormwater Drainage and WSUD Infrastructure was undertaken for the purposes of Accounting Compliance Fair Value in accordance with the Australian Accounting Standards. The adjustment has no impact on the comprehensive income statement.

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

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

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	310,608	Jul-18	full
Bridges	-	-	33,559	Jun-22	full
Footpaths and cycleways	-	-	35,338	Jul-17	full
Drainage	-	-	159,127	Jun-23	full
Waste management	-	-	2,090	Jun-15	full
Water sensitive urban design	-	-	18,011	Jun-23	full
Total	-	-	558,733		

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Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 98%. 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 \$1,340 per square metre, (between \$1 and \$1,427 per square metre in 2021/22).

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$390 to \$3,270 per square metre, (between \$340 and \$3,085 per square metre in 2021/22). The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 100 years, with one heritage building with building components with a useful life of 195 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to an indefinite number of years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2023	2022
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	38,805	38,203
Parks and reserves	123,811	117,861
Community facilities	21,043	27,305
Car parks	15,762	15,326
Civic centres	11,977	11,402
Caravan parks	-	-
Transfer stations and landfill sites	6,279	5,408
Total specialised land	<u>217,677</u>	<u>215,505</u>
Residential zoned land	3,027	3,024
Commercial zoned land	830	790
Total non-specialised land	<u>3,857</u>	<u>3,814</u>

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

	2023 \$'000	2022 \$'000
6.2 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
- West Gippsland Regional Library Corporation	-	-
West Gippsland Regional Library Corporation		
<i>Background</i>		
The council has a 0% (2022: 0%) interest in the West Gippsland Regional Library Corporation, which operates a library service for a number of municipalities.		
Fair value of Council's investment in West Gippsland Regional Library Corporation	-	-
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	-	1,403
Reported surplus/(deficit) for year	-	-
Transfers (to) from reserves	-	-
Distributions for the year	-	(1,403)
Council's share of accumulated surplus/(deficit) at end of year	-	-
Council's share of reserves		
Council's share of reserves at start of year	-	567
Transfers (to) from reserves	-	-
Change in proportion of reserves (based on agreement)	-	(567)
Council's share of reserves at end of year	-	-
Movement in carrying value of specific investment		
Carrying value of investment at start of year	-	1,970
Share of surplus/(deficit) for year	-	-
Change in proportion of equity	-	(1,970)
Distributions received	-	-
Carrying value of investment at end of year	-	-
Council's share of expenditure commitments		
Operating commitments	-	-
Capital commitments	-	-
Council's share of expenditure commitments	-	-

Investment in Associate - West Gippsland Regional Library Corporation

The Council considered the requirement to restructure the Library Corporation as a result of the Local Government Act 2020 (Vic) that requires Library Corporations to be wound up within 10 years from 1 July 2021. On 25th June 2021, it was to recommend to the Council that they participate in the formation of a beneficial enterprise to be known as; and become a founding member of Myli – My Community Library Ltd being:

- i. a public company limited by guarantee;
- ii. a not-for-profit and charitable institution to be registered with the Australian Charities and Not-for-profits Commission;
- iii. a public library recognised by the Australian Taxation Office; and
- iv. on the terms of the Myli – My Community Library Ltd constitution.

The Member Councils entered into a deed of novation and variation (Novation Deed) in relation to the existing West Gippsland Regional Library Corporation Agreement from 1 July 2022. The existing Library Agreement continued as an agreement between Bass Coast Shire Council, Baw Baw Shire Council, South Gippsland Shire Council and Myli – My Community Library Ltd on its current funding and commercial terms (Novated Library Agreement) and in the Novated Library Agreement for the 2022 financial year.

The Member Councils also entered into a gift and transfer deed between West Gippsland Regional Library Corporation and Myli – My Community Library Ltd (Gift and Transfer Deed) which provides in general terms, the restructure of West Gippsland Regional Library Corporation and replace it with Myli – My Community Library Ltd. Member Councils will gift their interests in West Gippsland Regional Library Corporation Ltd, and therefore their interests in West Gippsland Regional Library Corporation's business, assets and liabilities, to Myli – My Community Library Ltd. The transfer of West Gippsland Regional Library Corporation's business, assets and liabilities have occurred in specie to Myli – My Community Library Ltd on 30 June 2022.

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

6.2 Investments in associates, joint arrangements and subsidiaries (Cont.)

The Council on 21 July 2021, subject to giving full effect to the Novation Deed and the Gift and Transfer Deed, agreed that its intention is that the original Library Agreement is taken to be terminated with effect at 11:59pm on 30 June 2022. Therefore, agreed to the dissolution and winding up of West Gippsland Regional Library Corporation, with the Gift and Transfer Deed constituting the distribution of assets and liabilities in full and final satisfaction of dissolution and winding up clause, 13.2, of the Library Agreement.

Other Member Councils made their decisions to transition on the following dates:

- South Gippsland Shire Council on 21 July 2021
- Baw Baw Shire Council on 28 July 2021

As a result of the transition, all assets, liabilities and commitments have been dissolved with the transition effective on 30 June 2022.

At balance date, there were no contingent liabilities and contingent assets (2022:\$nil)

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

Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

Events occurring after balance date

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

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

Note 7 PEOPLE AND RELATIONSHIPS

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Bass Coast Shire Council is the parent entity.

Subsidiaries and Associates

Wonthaggi Cemetery Trust

San Remo Cemetery Trust

By virtue of the fact that Councillors form the whole of the Board of Trustees, these entities are considered to be controlled entities under AASB 10: Consolidated Financial Statements. Their operating results, assets and liabilities have not been included in the accounts on the basis that they are not material individually or in aggregate.

Interests in subsidiaries and associates are detailed in Note 6.2.

(b) Key Management Personnel

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

Details of KMP at any time during the year are:

		2023 No.	2022 No.
Councillors	Councillor Michael Whelan (Mayor 17 November 2021 to present)		
	Councillor Brett Tessari (Mayor to 17 November 2021)		
	Councillor Leticia Laing (Deputy Mayor 17 November 2021 to 16 November 2022)		
	Councillor Rochelle Halstead (Deputy Mayor 16 November 2022 to present)		
	Councillor Bruce Kent		
	Councillor Clare Le Serve		
	Councillor David Rooks		
	Councillor Les Larke		
	Councillor Ron Bauer		
Executive Team	Chief Executive Officer - Ali Wastie		
	General Manager Business Transformation - Wayne Mack		
	General Manager Partnerships, Economy and Culture - Greg Box		
	General Manager Place Making - James Stirton		
	General Manager Resilient Communities - Jodi Kennedy		
Other KMP	Chief Financial Officer - David Filmatter		
Total Number of Councillors		9	9
Total of Chief Executive Officer and other Key Management Personnel		6	7
Total Number of Key Management Personnel		15	16

(c) Remuneration of Key Management Personnel

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

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

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

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

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

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

7.1 Council and key management remuneration (Cont.)

(c) Remuneration of Key Management Personnel (Cont.)

	2023	2022
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,892	1,907
Other long-term employee benefits	56	41
Post-employment benefits	154	142
Termination benefits	-	-
Total	2,102	2,090

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

	2023	2022
	No.	No.
\$20,000 - \$29,999	-	6
\$30,000 - \$39,999	7	1
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	-	2
\$90,000 - \$99,999	1	-
\$190,000 - \$199,999	1	1
\$230,000 - \$239,999	-	1
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	2	2
\$260,000 - \$269,999	1	-
\$320,000 - \$329,999	1	1
	15	16

(d) Remuneration of other senior staff

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

	2023	2022
	\$	\$
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	2,191	2,210
Other long-term employee benefits	35	112
Post-employment benefits	208	205
Termination benefits	-	68
Total	2,434	2,595

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

	2023	2022
	No.	No.
Income Range:		
\$160,000 - \$169,999	-	8
\$170,000 - \$179,999	8	2
\$180,000 - \$189,999	2	3
\$190,000 - \$199,999	3	1
	13	14

Total remuneration for the reporting year for other senior staff included above, amounted to: 2,434 2,595

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

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

		2023	2022
		\$'000	\$'000
7.2 Related party disclosure			
(a) Transactions with related parties			
During the period Council entered into the following transactions with related parties.			
Library Contributions	<i>West Gippsland Library Corporation</i>	-	1,913
Other Contributions	<i>Destination Phillip Island</i>	109	140
Other Contributions	<i>Destination Gippsland</i>	91	46
Services paid	<i>Nilsson Noel & Holmes Pty Ltd</i>	3	14
Total transactions with related parties		203	2,113

The library contribution is made to the West Gippsland Regional Library Corporation to operate the library service for a number of municipalities. Further details of this arrangement are provided in Note 6.2.

(b) Outstanding balances with related parties

There were no outstanding balances payable from Council to related parties at the end of the reporting period in relation to transactions with related parties.

(c) Loans to/from related parties

No loans have been made, guaranteed or secured by Council to a responsible person of Council, or a related party of a responsible person during the reporting period (2022: \$nil).

(d) Commitments to/from related parties

The aggregate amount of commitments is Nil.

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

Note 8 MANAGING UNCERTAINTIES

8.1 Contingent assets and liabilities

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

(a) Contingent assets

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

At balance date the Council are not aware of any contingent assets.

(b) Contingent liabilities

Contingent liabilities are:

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

Superannuation

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

Landfill

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. These are provided for in the Landfill restoration provision as disclosed at note 5.5(b).

Council also has a number of closed landfill sites that require site rehabilitation works. At balance date Council has not received a remedial action notice or approved financial assurance assessment of the old landfill sites and as a result, Council is unable to accurately assess the financial implications of such works for these closed sites. These works are budgeted for construction in the proceeding and future financial years pending Environmental Protection Authority (EPA) approval.

Public liability and professional indemnity

Council has no recognised contingent liabilities relating to public liability or professional indemnity. In the event of a claim and a judgement against Council, it is anticipated that Council's insurer would cover the claim, with Council contributing the policy excess only.

Insurance claims

At balance date the Council is not aware of any pending insurance claims.

Legal matters

At balance date the Council is not aware of any pending legal matters.

Liability Mutual Insurance

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

MAV Workcare

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

Bass Coast Shire Council
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Notes to the Financial Report For the Year Ended 30 June 2023

8.1 Contingent assets and liabilities (Cont.)

	2023	2022
	\$'000	\$'000
(c) Guarantees for loans to other entities		
Department of Sustainability and Environment	5	5
Phillip Island Nature Parks	350	350
Environmental Protection Agency	811	811

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

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

8.2 Change in accounting standards

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

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

Interest rate movements have been sufficiently significant during the year and this has favourable impacted on Council's interest revenue by \$1.8 million against budget.

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

8.3 Financial instruments (Cont.)

(c) Credit risk

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

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of -0.75% and +0.25% in market interest rates (AUD) from year-end rates of 4.1%.

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

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

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced council officers or independent experts. There are currently five asset classes that have temporarily fallen outside of this target external revaluation period due to the requirements of the asset system upgrades. Council have a forward plan to ensure these asset class revaluations are completed to align with targets in the coming years.

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

Impairment of assets

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

8.5 Events occurring after balance date

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

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**Notes to the Financial Report
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Note 9 OTHER MATTERS

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2023			
Property			
Land	158,633	1,633	160,266
Land under roads	22,378	602	22,980
Land improvements	11,101	-	11,101
Buildings	56,416	-	56,416
	<u>248,528</u>	<u>2,235</u>	<u>250,763</u>
Property			
Artworks	2,288	-	2,288
	<u>2,288</u>	<u>-</u>	<u>2,288</u>
Infrastructure			
Infrastructure	271,917	43,072	314,989
	<u>271,917</u>	<u>43,072</u>	<u>314,989</u>
Total asset revaluation reserves	<u>522,733</u>	<u>45,307</u>	<u>568,040</u>
2022			
Property			
Land	143,770	14,863	158,633
Land under roads	3,209	19,169	22,378
Land improvements	11,101	-	11,101
Buildings	46,560	9,856	56,416
	<u>204,640</u>	<u>43,888</u>	<u>248,528</u>
Property			
Artworks	2,288	-	2,288
	<u>2,288</u>	<u>-</u>	<u>2,288</u>
Infrastructure			
Infrastructure	268,145	3,772	271,917
Library	312	(312)	-
	<u>268,457</u>	<u>3,460</u>	<u>271,917</u>
Total asset revaluation reserves	<u>475,385</u>	<u>47,348</u>	<u>522,733</u>

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

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

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2023				
Identified reserves				
Constrained works (carry forward)	20,400	6,001	(20,400)	6,001
Future sustainability fund	350	-	-	350
Landfill rehabilitation	5,603	700	(44)	6,259
LGFV sinking fund	1,853	265	-	2,118
	28,206	6,966	(20,444)	14,728
Discretionary reserves				
Art in public places	118	65	-	183
Skate parks	509	-	(248)	261
Strategic works	5,689	11,512	(9,737)	7,464
VGC grant received in advance	5,859	8,448	(5,859)	8,448
Resort and recreation interest reserve	831	113	(221)	723
Wonthaggi North East Land Acquisition Reserve	1,000	-	-	1,000
Unallocated surplus	4,735	2,109	(522)	6,322
	18,741	22,247	(16,587)	24,401
Total Other reserves	46,947	29,213	(37,031)	39,129
2022				
Contractually restricted reserves				
Share of associate's reserves (see note 6.2)	241	-	(241)	-
	241	-	(241)	-
Identified reserves				
Constrained works (carry forward)	18,699	20,400	(18,699)	20,400
Future sustainability fund	200	300	(150)	350
Landfill rehabilitation	5,603	-	-	5,603
LGFV sinking fund	1,589	264	-	1,853
	26,091	20,964	(18,849)	28,206
Discretionary reserves				
Art in public places	107	11	-	118
Skate parks	509	-	-	509
Strategic works	11,364	5,198	(10,873)	5,689
VGC grant received in advance	3,168	5,859	(3,168)	5,859
Resort and recreation interest reserve	907	9	(85)	831
Wonthaggi North East Land Acquisition Reserve	500	500	-	1,000
Unallocated surplus	6,714	3,600	(5,579)	4,735
	23,269	15,177	(19,705)	18,741
Total Other reserves	49,601	36,141	(38,795)	46,947

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

Other reserves are in essence a reflection of surpluses from prior years that Council has set aside to allocate for some future activity. The existence of the reserves does not necessarily mean that Council has the cash funds available to allocate to the reserves purpose. The name of each reserve and the purpose of each reserve (why Council has the reserve) is provided below.

Art in Public Places	Provision for funds to be allocated to the development and installation of major public art installations across the municipality.
Constrained Works (Carry Forward)	This reserve is to recognise the funds allocated and received in prior financial periods that are committed to unfinished projects.
Future Sustainability Fund	These funds are to ensure allocations for specific future expenditures and where they aid in the future financial sustainability of Council.
Landfill Rehabilitation	This reserve is to fund the rehabilitation of waste disposal sites.
LGFV Sinking Fund	To fund the repayment of LGFV bonds as the bonds come due for payment.
Share of associates reserves	These funds are Council's share of other reserves maintained by associates. See Note 6.2 for further detail.
Resort & Recreation Interest Reserve	Discretionary reserve to hold funds which are allocated for development of future resort and recreational projects.
Skate Parks	These funds have been set aside via council resolution for future works on municipal skate park facilities.
Strategic Works	These funds are intended for strategic works and acquisitions of new or expanded assets that are of an intergenerational nature.
Unallocated Surplus	These funds are the funds that remain unallocated at the year end.
VGC Grant Received in Advance	Victorian Grants Commission funding in relation to the next financial year paid in advance.
Wonthaggi North East Land Acquisition Reserve	To fund the future land acquisitions in Wonthaggi North East as nominated by Council

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Notes to the Financial Report
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	2023	2022
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus for the year	27,397	23,962
Depreciation / amortisation	18,694	17,609
Loss on disposal of property, infrastructure, plant and equipment	2,813	2,404
Contributions - Non-monetary assets	(15,075)	(13,987)
Borrowing costs	555	228
Finance costs - leases	22	23
Work in progress write off	2,166	1,148
Investment in associates write off	-	1,970
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	376	(775)
Decrease/(increase) in inventories	28	3
Decrease/(increase) in prepayments	220	238
Decrease/(increase) in accrued income	(118)	(68)
Decrease/(increase) in intangible assets	(372)	(1,220)
Increase/(decrease) in trade and other payables	176	(1,253)
Increase/(decrease) in unearned income	(4,510)	1,293
Increase/(decrease) in trusts and deposits	163	(1,786)
Increase/(decrease) in provisions	738	352
Net cash provided by/(used in) operating activities	33,273	30,141

9.3 Superannuation

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

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10.0%)).

Defined Benefit

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Bass Coast Shire 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 2023

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 vested benefit index (VBI) during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

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

As at 30 June 2022, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The VBI of the Defined Benefit category of which Council is a contributing employer was 102.2%. The financial assumptions used to calculate the VBI were:

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

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

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

(a) Regular contributions

On the basis of the results of the 2022 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2022 interim valuation.

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

(b) Funding calls

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

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

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

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

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

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

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

The 2022 interim actuarial investigation surplus amounts

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

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2022.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2022.

The discounted accrued benefits surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2022.

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2023 \$'000	2022 \$'000
Vision super	Defined benefits	10.5% (2022:10.0%)	101	98
Vision super	Accumulation	10.5% (2022:10.0%)	1,540	1,478

In addition to the disclosed contributions, Bass Coast Shire has not paid any unfunded liability payments to Vision Super during the 2022/23 year (2021/22 \$nil).

There were \$126,000 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$86,000.

*Bass Coast Shire Council
2022/2023 Financial Report*

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

Note 10 CHANGE IN ACCOUNTING POLICY

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

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

Bass Coast Shire Council

Performance Statement

For the year ended 30 June 2023

Performance Statement

For the year ended 30 June 2023

Description of municipality

Bass Coast Shire Council is a local government authority incorporated under the Local Government Act 2020 (Vic). It is located about 130km south east of Melbourne and is bounded by Western Port in the west, Cardinia Shire in the north west, South Gippsland Shire in the north and Bass Strait in the south. Bass Coast's main centres are Wonthaggi, Cowes (Phillip Island), Inverloch, San Remo and Grantville. In addition, the Shire comprises a further 28 towns. Bass Coast is home to over 40,000 permanent residents. However, its proximity to Melbourne makes it very attractive to visitors and to people wanting to make a sea change. During peak periods, our population swells to over 80,000. The Shire boasts many beautiful beaches, unique nature reserves and many major events that attract more than 3.4 million visitors each year, such as the Australian Motorcycle Grand Prix at the Phillip Island Circuit.

Overview of 2023

Bass Coast Shire's balance sheet remains strong with almost \$1 billion in Property, Plant and Infrastructure assets and relatively low levels of debt. In 2023 Council continued to invest in large intergeneration projects such as Cowes Cultural and Community Centre and various marine structures to meet the needs and aspirations of the community. Interest rates increased during the year which increased the interest revenue received by approximately \$2 million, however the rate cap is not keeping pace with inflationary pressures. Councils operating costs have increased, particularly those linked to CPI such as waste contracts, resulting in an adjusted underlying deficit, a reliance on government funding and need for Council to continue to be innovative and efficient.

Sustainable Capacity Indicators

For the year ended 30 June 2023

<i>Indicator / measure</i> [formula]	Results				Comment
	2020	2021	2022	2023	
Population					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,131.69	\$2,338.98	\$2,277.92	\$2,309.46	The 2022/23 increase of 1.4 per cent is attributable to expense increases in waste kerbside collection contract costs and insurance premiums. The increase in 2020/21 was due to Council's participation in the Working for Victoria initiative, which while fully funded by the State Government resulted in higher employee expenses.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$14,826.18	\$15,422.22	\$15,228.44	\$16,546.99	The value of Council's infrastructure has increased in 2022/23 as a result of Capital works expenditure (\$46 million), independent fair value revaluations (\$43 million) and developer contributed assets (\$15 million). The 2020/21 increase is due to a fair value adjustment to drainage assets.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	38.19	38.91	42.00	42.75	The continuous increase in population has resulted in higher density per length of road.
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,933.18	\$2,011.08	\$1,946.06	\$1,958.10	The 2022/23 increase is due to additional revenue associated with waste user fees and interest earned on investments. The 2020/21 increase was due to recognition of additional rates and charges revenue raised through the Pioneer Bay special charge scheme.

<i>Indicator / measure</i> [formula]	Results				Comment
	2020	2021	2022	2023	
Recurrent grants					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$252.48	\$196.37	\$269.16	\$271.99	Increase in recurrent grants in 2021/22 and 2022/23 is due to increased Victorian Grants Commission funding received in advance. Recurrent Grants received by Council reduced in 20/21 due to the cessation of Aged & Disability services, from January 2020.
Disadvantage					
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	3	3	3	5	The socio-economic disadvantage index is prepared by the ABS. The result has increased from three to five for Bass Coast, on a scale of one for most disadvantaged and ten for least disadvantaged.
Workforce turnover					
<i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	40.9%	15.1%	15.0%	15.4%	Staff turnover in 2022/23 was consistent with 2021/22 and is on par with the industry average. The substantial value in 2019/20 was due to Council decision to cease the provision of Aged Care Services from January 2020.

Service Performance Indicators

For the year ended 30 June 2023

Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Aquatic facilities					
Utilisation					
<i>Utilisation of aquatic facilities</i>	2.83	0.69	1.16	2.95	The total number of visits at the aquatic facility has increased from 47,066 in 2021/22 to 122,979 in 2022/23. Facility operating hours have returned to normal after restricted hours were in place in prior years due to COVID-19.
[Number of visits to aquatic facilities / Municipal population]					
Animal management					
Health and safety					
<i>Animal management prosecutions</i>	100%	100%	100%	82.35%	14 of the 17 animal management prosecutions during 2022/23 were successful.
[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100					
Food safety					
Health and safety					
<i>Critical and major non-compliance outcome notifications</i>	97.92%	81.25%	100%	100%	In 2022 Council received 27 non-compliance notifications regarding food premises with all 27 being followed up. Council continues to work with these businesses to ensure regulatory standards are met.
[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					

Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Governance					
Satisfaction					
Satisfaction with council decisions	52.00	57.00	53.00	48.00	Bass Coast Council community satisfaction rating for making decisions in the interest of the community decreased by five points from the previous year. The Local Government sector universally experienced a downward trend in community satisfaction levels.
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					
Libraries					
Participation					
Active library borrowers in municipality	22.18%	19.90%	17.67%	16.04%	There was an increase in active library borrowers from 6,315 in 2021/22 to 6,559 in 2022/23. During this period, the municipal population has increased from 40,641 to 41,741 resulting in a 1.63 per cent decrease in active library borrowers compared to municipal population.
[Number of active library borrowers in the last three years / The sum of the population for the last three years] x100					
Maternal and child health					
Participation					
Participation in the MCH service	N/A	N/A	N/A	N/A	Council does not have operational control of a MCH Service
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100					
Participation					
Participation in the MCH service by Aboriginal children	N/A	N/A	N/A	N/A	Council does not have operational control of a MCH Service
[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

Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Roads					
Satisfaction					
Satisfaction with sealed local roads	53.00	55.00	54.00	51.00	Our 2022/23 Community Satisfaction score of 51 is a three point decrease on last years result. Our score is eleven points higher than the average for Large Rural Councils and three points higher than the State-wide average. It is important to note that the survey results are also a reflection of the state controlled roads within the municipality.
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					
Statutory Planning					
Decision making					
Council planning decisions upheld at VCAT	30.00%	50.00%	43.75%	68.75%	Of the 495 planning applications determined in 2022/23, there were sixteen VCAT decisions. Five set aside Council's decision whilst the other eleven upheld Council's decision.
[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100					
Waste Collection					
Waste diversion					
Kerbside collection waste diverted from landfill	75.75%	75.11%	73.35%	74.56%	The 1.65% increase in Bass Coast Shire Council's diversion rate is due to a reduction in tonnage of kerbside waste collected, this is offset by a smaller decrease in recyclables and organics collected.
[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 borrower" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under section 98 of the Act

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized 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

Financial Performance Indicators

For the year ended 30 June 2023

Dimension / indicator / measure	Results				Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Efficiency									
Expenditure level									
<i>Expenses per property assessment</i>	\$2,410.80	\$2,652.66	\$2,764.15	\$2,843.63	\$2,765.69	\$2,853.19	\$2,931.12	\$3,026.68	The 2.9 per cent increase is reflective of a rise in CPI (currently 6 per cent). Waste related expenditure has mostly driven this increase in total expenditure.
[Total expenses / Number of property assessments]									
Revenue level									
<i>Average rate per property assessment</i>	\$1,539.78	\$1,563.65	\$1,590.53	\$1,624.51	\$1,666.49	\$1,707.26	\$1,744.88	\$1,783.29	The 2.14 per cent increase in average rates per property assessment reflects a combination of the 1.75 per cent rate cap and the development of vacant land and existing properties.
[General rates and Municipal charges / Number of property assessments]									
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i>	176.05%	157.46%	147.88%	149.26%	180.26%	165.00%	150.36%	133.53%	This indicator has been impacted by a reduction in cash balances and deferred income as a result of capital works delivery. Current liabilities have reduced due to early repayment of borrowings. The 2023/24 forecast increase is due to a short term redraw being refinanced long-term.
[Current assets / Current liabilities] x100									

Dimension / indicator / measure	Results				Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i>	4.86%	26.97%	13.04%	46.37%	57.83%	53.44%	27.57%	9.21%	The increase in this indicator in 2022/23 is due to a lower value of dedicated cash reserves set aside for completion of carried forward capital works.
[Unrestricted cash / Current liabilities] x100									
Obligations									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i>	25.11%	21.95%	24.21%	29.26%	36.18%	40.54%	34.61%	30.94%	During 2022/23 Council drew down on borrowings for construction of intergenerational projects, which will continue during the forward outlook.
[Interest and principal repayments on Interest bearing loans and borrowings / Rate revenue] x100									
<i>Loans and borrowings repayments compared to rates</i>	23.51%	19.05%	18.01%	18.09%	2.21%	2.66%	6.32%	2.92%	A short-term loan rollover (\$11.7 million) has been accounted for as a repayment and redraw in each financial year. In 2022/23 this redraw was reduced to \$8m, with future year end predictions based on extended loan terms.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100									
Indebtedness									
<i>Non-current liabilities compared to own source revenue</i>	21.78%	21.20%	20.59%	31.32%	44.84%	43.13%	40.93%	39.37%	The increase in this indicator in 2022/23 and onward is due to the planned draw down of borrowings which will fund the delivery of intergenerational projects.
[Non-current liabilities / Own source revenue] x100									

Dimension / indicator / measure	Results				Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
<p>Asset renewal and upgrade</p> <p><i>Asset renewal and upgrade compared to depreciation</i></p> <p>[Asset renewal and upgrade expense / Asset depreciation] x100</p>	82.01%	67.57%	138.14%	107.59%	117.87%	81.75%	103.17%	132.20%	Council has accelerated its capital works delivery and is now renewing and upgrading its assets in line with its asset management plans.
<p>Operating position</p> <p>Adjusted underlying result</p> <p><i>Adjusted underlying surplus (or deficit)</i></p> <p>[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100</p>	3.16%	0.45%	-0.54%	-2.37%	-0.46%	-0.43%	0.43%	0.65%	Council's underlying result has been impacted by a write off of \$2.8 million in road assets and land improvement assets that have been renewed or upgraded.
<p>Stability</p> <p>Rates concentration</p> <p><i>Rates compared to adjusted underlying revenue</i></p> <p>[Rate revenue / Adjusted underlying revenue] x100</p>	77.30%	76.38%	73.61%	74.21%	77.72%	77.84%	78.30%	79.01%	Council continues to have a reliance on rate revenue consistent with other large rural Council's.

Dimension / indicator / measure	Results				Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Rates effort									
<i>Rates compared to property values</i>	0.38%	0.37%	0.27%	0.25%	0.26%	0.27%	0.28%	0.29%	The decrease experienced in 2022/23 is due to an average 8 per cent increase in capital improved property values within the municipality.
[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.

Other Information

For the year ended 30 June 2023

1. Basis of preparation

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

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2020 requires explanation of any material variations in the results contained in the performance statement. Council 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 strategic resource plan on 21 June 2023 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

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.

David Filmlter, CA

Principal Accounting Officer

Dated: 18 October 2023

In our opinion, the accompanying performance statement of the (*council name*) for the year ended 30 June 2023 presents fairly the results of council's performance in accordance with the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020.

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

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

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

Michael Whelan

Councillor

Dated: 18 October 2023

Rochelle Halstead

Councillor

Dated: 18 October 2023

James Stirton

Chief Executive Officer

Dated: 18 October 2023

4 Mayoral Announcement of Next Meeting of Council

The next Council Meeting will be held on 18 October 2023 in the Bass Coast Civic Centre Council Chamber, Baillieu Street East, Wonthaggi commencing at 1.00pm.

5 Meeting Closed

That the meeting be closed.