Bass Coast Shire Council
ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2025

Bass Coast Shire Council
Financial Report
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Certification of the Financial Statements

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

Joseph Kay, CA
Principal Accounting Officer

Dated : / /
76 McBride Ave, Wonthaggi VIC
In our opinion, the accompanying financial statements present fairly the financial transactions of the Bass Coast Shire Council for the year ended 30 June 2025 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.

Councillor Rochelle Halstead
Councillor
Dated : / /
76 McBride Ave, Wonthaggi VIC 3995

Councillor Brett Tessari
Councillor
Dated : / /
76 McBride Ave, Wonthaggi VIC 3995

Gregory Box
Chief Executive Officer
Dated : / /
76 McBride Ave, Wonthaggi VIC 3995

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Comprehensive Income Statement
For the Year Ended 30 June 2025

	Note	2025	2024
		$'000	$'000
Income / Revenue			
Rates and charges	3.1	77,855	74,695
Statutory fees and fines	3.2	3,180	3,186
User fees	3.3	5,978	5,595
Grants - operating	3.4	15,155	2,542
Grants - capital	3.4	11,320	15,316
Contributions - monetary	3.5	654	1,448
Contributions - non monetary	3.5	6,014	16,625
Other income	3.7	3,591	5,018
Total income / revenue		**123,747**	**124,425**
Expenses			
Employee costs	4.1	38,003	35,245
Materials and services	4.2	38,325	39,388
Depreciation	4.3	26,413	19,848
Amortisation - intangible assets	5.2	371	433
Depreciation - right of use assets	5.8	295	303
Allowance for impairment losses	4.4	70	57
Borrowing costs		979	831
Net loss on disposal of property, infrastructure, plant and equipment	3.6	1,224	2,990
Finance costs - leases		13	18
Other expenses	4.5	8,258	4,665
Total expenses		**113,951**	**103,778**
Surplus for the year		**9,796**	**20,647**
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain	6.1	41,255	321,587
Total other comprehensive income		**41,255**	**321,587**
Total comprehensive result		**51,051**	**342,234**

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

Balance Sheet
As at 30 June 2025

	Note	2025	2024
		$'000	$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	29,431	11,538
Trade and other receivables	5.1	15,334	16,122
Other financial assets	5.1	31,440	36,640
Inventories	5.2	55	44
Prepayments	5.2	867	832
Other assets	5.2	461	552
Total current assets		**77,588**	**65,728**
Non-current assets			
Property, infrastructure, plant and equipment	6.1	1,345,156	1,299,528
Right-of-use assets	5.8	1,137	747
Intangible assets	5.2	2,417	2,733
Total non-current assets		**1,348,710**	**1,303,008**
Total assets		**1,426,298**	**1,368,736**
Liabilities			
Current liabilities			
Trade and other payables	5.3	8,683	6,865
Trust funds and deposits	5.3	2,292	5,006
Contract and other liabilities	5.3	17,819	16,785
Provisions	5.5	9,082	7,253
Interest-bearing liabilities	5.4	7,077	13,436
Lease liabilities	5.8	362	298
Total current liabilities		**45,315**	**49,643**
Non-current liabilities			
Provisions	5.5	12,146	13,050
Interest-bearing liabilities	5.4	22,178	10,756
Lease liabilities	5.8	796	475
Total non-current liabilities		**35,120**	**24,281**
Total liabilities		**80,435**	**73,924**
Net assets		**1,345,863**	**1,294,812**
Equity			
Accumulated surplus		368,487	369,814
Reserves	9.1	977,376	924,998
Total Equity		**1,345,863**	**1,294,812**

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

Statement of Changes in Equity
For the Year Ended 30 June 2025

2025	Note	Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
Balance at beginning of the financial year		1,294,812	369,814	889,627	35,371
Surplus/(deficit) for the year		9,796	9,796	-	-
Net asset revaluation gain/(loss)	6.1	41,255	286	40,969	-
Transfers to other reserves	9.1	-	(19,298)	-	19,298
Transfers from other reserves	9.1	-	7,889	-	(7,889)
Balance at end of the financial year		**1,345,863**	**368,487**	**930,596**	**46,780**

2024	Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
Balance at beginning of the financial year	952,578	345,409	568,040	39,129
Surplus/(deficit) for the year	20,647	20,647	-	-
Net asset revaluation gain/(loss)	321,587	-	321,587	-
Transfers to other reserves	-	(13,652)	-	13,652
Transfers from other reserves	-	17,410	-	(17,410)
Balance at end of the financial year	**1,294,812**	**369,814**	**889,627**	**35,371**

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

Statement of Cash Flows
For the Year Ended 30 June 2025

	Note	2025 Inflows/ (Outflows) $'000	2024 Inflows/ (Outflows) $'000
Cash flows from operating activities			
Rates and charges		77,210	73,389
Statutory fees and fines		3,180	3,186
User fees		6,089	6,309
Grants - operating		14,826	1,430
Grants - capital		10,559	12,585
Contributions - monetary		1,559	742
Interest received		2,494	2,312
Dividends received		3	4
Trust funds and deposits taken		15,764	10,846
Other receipts		1,476	1,732
Net GST refund/(payment)		3,989	7,956
Employee costs		(38,003)	(35,350)
Materials and services		(37,133)	(43,325)
Short-term, low value and variable lease payments		(10)	-
Trust funds and deposits repaid		(15,537)	(11,808)
Other payments		(9,897)	(7,069)
Net cash provided by/(used in) operating activities		**36,569**	**22,939**
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(28,023)	(38,138)
Proceeds from sale of property, infrastructure, plant and equipment		376	754
Payments from/(Payments for) investments		5,200	(21,600)
Net cash provided by/(used in) investing activities		**(22,447)**	**(58,984)**
Cash flows from financing activities			
Finance costs		(992)	(849)
Proceeds from borrowings		18,499	12,574
Repayment of borrowings		(13,436)	(8,827)
Repayment of lease liabilities		(300)	(303)
Net cash provided by/(used in) financing activities		**3,771**	**2,595**
Net increase (decrease) in cash and cash equivalents		17,893	(33,450)
Cash and cash equivalents at the beginning of the financial year		11,538	44,988
Cash and cash equivalents at the end of the financial year		**29,431**	**11,538**
Financing arrangements	5.6		

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

Statement of Capital Works
For the Year Ended 30 June 2025

	Note	2025	2024
		$'000	$'000
Property			
Land improvements		5,912	12,053
Total land		**5,912**	**12,053**
Buildings		4,515	12,001
Total buildings		**4,515**	**12,001**
Total property		**10,427**	**24,054**
Plant and equipment			
Plant, machinery and equipment		1,352	1,906
Computers and telecommunications		615	596
Artworks		140	49
Total plant and equipment		**2,107**	**2,551**
Infrastructure			
Roads		5,881	5,196
Bridges		1,923	2,329
Footpaths and cycleways		4,601	1,223
Drainage		2,054	427
Waste management		735	537
Total infrastructure		**15,194**	**9,713**
Total capital works expenditure		**27,728**	**36,318**
Represented by:			
New asset expenditure		9,807	3,576
Asset renewal expenditure		14,832	13,919
Asset expansion expenditure		526	8,823
Asset upgrade expenditure		2,563	9,999
Total capital works expenditure		**27,728**	**36,318**

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 2025

Note 1 OVERVIEW

Introduction

The 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.

Accounting policy information

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. Specific 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.

1.2 Impact of emergencies and natural disasters

Bass Coast Shire was directly impacted by the August 2024 Storm events. This required a direct response from Council including emergency procedures to make safe works and provision of services including collection of storm waste. Council has applied for and received emergency funding to offset this unbudgeted expenditure in 2024-25.

Notes to the Financial Report
For the Year Ended 30 June 2025

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 greater than 10 percent or $1 million 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 2025 $'000	Actual 2025 $'000	Variance $'000	Variance %	Ref
Income / Revenue					
Rates and charges	77,640	77,855	215	0%	
Statutory fees and fines	3,547	3,180	(367)	(10%)	**1**
User fees	6,015	5,978	(37)	(1%)	
Grants - operating	9,536	15,155	5,619	59%	**2**
Grants - capital	3,890	11,320	7,430	191%	**3**
Contributions - monetary	310	654	344	111%	
Contributions - non monetary	-	6,014	6,014	100%	**4**
Other income	2,547	3,591	1,044	41%	
Total income / revenue	**103,485**	**123,747**	**20,262**	**20%**	
Expenses					
Employee costs	36,889	38,003	(1,114)	(3%)	**5**
Materials and services	36,608	38,325	(1,717)	(5%)	**6**
Depreciation	21,332	26,413	(5,081)	(24%)	**7**
Amortisation - intangible assets	343	371	(28)	(8%)	
Depreciation - right of use assets	293	295	(2)	(1%)	
Allowance for impairment losses	10	70	(60)	(600%)	
Borrowing costs	993	979	14	1%	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	1,224	(1,224)	100%	**8**
Finance costs - leases	13	13	-	0%	
Other expenses	3,842	8,258	(4,416)	(115%)	**9**
Total expenses	**100,323**	**113,951**	**(13,628)**	**(14%)**	
Surplus/(deficit) for the year	**3,162**	**9,796**	**6,634**	**210%**	

Notes to the Financial Report
For the Year Ended 30 June 2025

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Lower development across the Shire has resulted in reduced revenue from planning submissions while increased compliance has resulted in lower parking fine revenue.
2	Grants - operating	Over budget as 50% of the 25-26 Financial Assistance Grant was paid on 26 June 2025, with the remainder due for payment during the 25-26 financial year.
3	Grants - capital	The favourable variance reflects additional unbudgeted capital grants for Marine Infrastructure ($3.5 million) and Roads and Bridges grants of $1.8 million linked to flood events.
4	Contributions - non monetary	Non monetary developer contributed assets are received on completion of developments. They are not included in Council's budget given the uncertain nature of the value and timing of these contributions.
5	Employee costs	$1.1 million greater than budget due to the following, costs of $375,000 associated with exiting the Cemeteries function and consolidating two management roles, the up front payment of $175,000 (being 1 per cent of the 2025-26 EBA salary increment), additional work cover costs of $170,000 and additional long service leave provision movement of $180,000. Council has also incurred additional Arts and Culture casual labour costs of $130,000 that are linked to the production and delivery of events. These are offset by additional revenue of $365,000.
6	Materials and services	Unbudgeted funding of storm, bushfire and emergency sand re-nourishment responses, and an increase in Occupational Health and Safety, and Waste consultancy costs.
7	Depreciation	Revaluations have resulted in a higher asset carrying value, and therefore higher than budgeted depreciation.
8	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	The loss on disposal of fixed assets mainly relates to the disposal of culverts and road assets that have been renewed.
9	Other expenses	Includes the unbudegted cost of the Wonthaggi and San Remo cemeteries service transfer to the Southern Metropolitan Cemeteries Trust.

Notes to the Financial Report
For the Year Ended 30 June 2025

2.1.2 Capital works

	Budget 2025 $'000	Actual 2025 $'000	Variance $'000	Variance %	Ref
Property					
Land improvements	2,680	5,912	3,232	121%	**1**
Total land	**2,680**	**5,912**	**3,232**	**121%**	
Buildings	4,082	4,515	433	11%	
Total buildings	**4,082**	**4,515**	**433**	**11%**	
Total property	**6,762**	**10,427**	**3,665**	**54%**	
Plant and equipment					
Plant, machinery and equipment	2,675	1,352	(1,323)	(49%)	**2**
Computers and telecommunications	691	615	(76)	(11%)	
Artworks	50	140	90	180%	**3**
Total plant and equipment	**3,416**	**2,107**	**(1,309)**	**(38%)**	
Infrastructure					
Roads	7,069	5,881	(1,188)	(17%)	**4**
Bridges	560	1,923	1,363	243%	**5**
Footpaths and cycleways	4,116	4,601	485	12%	
Drainage	1,000	2,054	1,054	105%	**6**
Waste management	1,170	735	(435)	(37%)	**7**
Total infrastructure	**13,915**	**15,194**	**1,279**	**9%**	
Total capital works expenditure	**24,093**	**27,728**	**3,635**	**15%**	
Represented by:					
New asset expenditure	7,463	9,807	2,344	31%	
Asset renewal expenditure	14,708	14,832	124	1%	
Asset expansion expenditure	270	526	256	95%	
Asset upgrade expenditure	1,652	2,563	911	55%	
Total capital works expenditure	**24,093**	**27,728**	**3,635**	**15%**	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land Improvements	Works completed for Inverloch Jetty and Rhyll Seawall Extension, both funded by Government grants and not budgeted.
2	Plant, machinery and equipment	Expenditure less than budgeted due to delayed delivery of new road sweeper vehicles.
3	Artworks	Expenditure higher than budgeted due to additional spend on public art commissions.
4	Roads	Expenditure lower due to delayed rural road renewal works on the Glen Alvie Road, Grantville.
5	Bridges	Works completed for Almurta Glen Forbes Culvert upgrade, funded by Government grant and not budgeted.
6	Drainage	Expenditure higher than budgeted due to additional spend on Bayview Ave Inverloch as part of the Stormwater Renewal Program.
7	Waste management	Expenditure less than budgeted due to deferred works on Grantville Landfill Rehabilitation.

Notes to the Financial Report
For the Year Ended 30 June 2025

2.2 Analysis of Council results by program

2.2.1 Council delivery

Council delivers its functions and activities through the following programs.

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.

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

2025	Income / revenue $'000	Expenses $'000	Surplus/ (deficit) $'000	Grants included in income / revenue $'000	Total assets $'000
Protecting our natural environment	9,034	18,716	(9,682)	5,160	2,417
Healthy community	2,848	7,909	(5,061)	1,250	-
Our places	10,642	25,105	(14,463)	9,328	1,020,689
Growing our economy	248	2,437	(2,189)	129	55
Sustainable development	2,135	6,177	(4,042)	21	-
Leading for our community	98,840	53,607	45,233	10,587	398,727
Unattributed	-	-	-	-	4,410
Total	**123,747**	**113,951**	**9,796**	**26,475**	**1,426,298**

2024	Income / Revenue $'000	Expenses $'000	Surplus/ (Deficit) $'000	Grants included in income / revenue $'000	Total assets $'000
Protecting our natural environment	11,594	16,727	(5,133)	7,863	2,733
Healthy community	2,662	8,352	(5,690)	1,024	-
Our places	8,396	24,679	(16,283)	7,337	969,903
Growing our economy	364	2,422	(2,058)	271	44
Sustainable development	4,190	5,951	(1,761)	282	-
Leading for our community	97,219	45,647	51,572	1,081	390,148
Unattributed	-	-	-	-	5,908
Total	**124,425**	**103,778**	**20,647**	**17,858**	**1,368,736**

Notes to the Financial Report
For the Year Ended 30 June 2025

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES

3.1 Rates and charges

	2025 $'000	2024 $'000

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

The valuation base used to calculate general rates for 2024/25 was $27.485 billion (2023/24 $27.662 billion).

General rates	59,325	56,938
Service rates and charges	17,385	16,394
Special rates and charges	6	-
Supplementary rates and rate adjustments	533	786
Interest on rates and charges	575	543
Revenue in lieu of rates	31	34
Total rates and charges	**77,855**	**74,695**

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2024 and the valuation was first applied in the rating year commencing 1 July 2024.

Annual rates and charges are recognised as income 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	402	306
Town planning fees	405	416
Land information certificates	76	69
Permits	2,297	2,395
Total statutory fees and fines	**3,180**	**3,186**

Statutory fees and fines (including parking fees and fines) are recognised as income 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	14	13
Leisure centre and recreation	1,051	1,102
Registration and other permits	56	52
Waste management services	3,345	3,297
Other fees and charges	1,512	1,131
Total user fees	**5,978**	**5,595**
User fees by timing of revenue recognition		
User fees recognised over time	44	61
User fees recognised at a point in time	5,934	5,534
Total user fees	**5,978**	**5,595**

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

Notes to the Financial Report
For the Year Ended 30 June 2025

3.4 Funding from other levels of government

	2025 $'000	2024 $'000
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	16,569	7,477
State funded grants	9,906	10,381
Total grants received	**26,475**	**17,858**
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	13,386	361
Other	28	27
Recurrent - State Government		
Environment	20	20
Community health	34	32
Community safety	170	110
Other	185	64
Total recurrent operating grants	**13,823**	**614**
Non-recurrent - Commonwealth Government		
Environment	105	435
Other	-	4
Non-recurrent - State Government		
Environment	864	430
Community health	281	90
Waste Management	18	16
Other	64	953
Total non-recurrent operating grants	**1,332**	**1,928**
Total operating grants	**15,155**	**2,542**
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	1,131	924
Total recurrent capital grants	**1,131**	**924**
Non-recurrent - Commonwealth Government		
Buildings	-	3,235
Transport Network	1,920	2,396
Other	-	95
Non-recurrent - State Government		
Buildings	911	686
Transport Network	917	37
Recreation	6,325	7,686
Waste Management	-	28
Other	116	229
Total non-recurrent capital grants	**10,189**	**14,392**
Total capital grants	**11,320**	**15,316**

Notes to the Financial Report
For the Year Ended 30 June 2025

(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 point in 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.

	2025	2024
	$'000	$'000
Income recognised under AASB 1058 *Income of Not-for-Profit Entities*		
General purpose	13,386	361
Other specific purpose grants	476	149
Revenue recognised under AASB 15 *Revenue from Contracts with Customers*		
Specific purpose grants	12,613	17,348
Total grant income and revenue recognised	**26,475**	**17,858**

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

Operating		
Balance at start of year	1,140	2,117
Received during the financial year and remained unspent at balance date	321	565
Received in prior years and spent during the financial year	(745)	(1,542)
Balance at year end	**716**	**1,140**
Capital		
Balance at start of year	5,962	7,639
Received during the financial year and remained unspent at balance date	3,721	776
Received in prior years and spent during the financial year	(3,197)	(2,453)
Balance at year end	**6,486**	**5,962**

Unspent grants are determined and disclosed on a cash basis.

Notes to the Financial Report
For the Year Ended 30 June 2025

3.5 Contributions

	2025 $'000	2024 $'000
Monetary	654	1,448
Non-monetary	6,014	16,625
Total contributions	**6,668**	**18,073**
Contributions of non monetary assets were received in relation to the following asset classes		
Land	765	5,875
Land Improvements	83	515
Roads	2,467	3,840
Infrastructure	2,699	6,395
Total non-monetary contributions	**6,014**	**16,625**

Monetary and non monetary contributions are recognised as income 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	376	754
Written down value of assets disposed	(1,600)	(3,744)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	**(1,224)**	**(2,990)**

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	2,491	2,312
Dividends	3	4
Other rent	224	213
Finance discount gain	52	1,308
Other	821	1,181
Total other income	**3,591**	**5,018**

Interest is recognised as it is earned.

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

Notes to the Financial Report
For the Year Ended 30 June 2025

Note 4 THE COST OF DELIVERING SERVICES

4.1 (a) Employee costs

	2025 $'000	2024 $'000
Wages and salaries	28,864	27,100
Annual leave	2,867	2,737
Superannuation	3,716	3,445
Long service leave	1,012	729
WorkCover	1,035	1,040
Fringe benefits tax	134	176
Other	375	18
Total employee costs	**38,003**	**35,245**

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	68	88
Employer contributions payable at reporting date	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,596	1,551
Employer contributions - HostPlus	269	227
Employer contributions - Australian Super	367	332
Employer contributions - Vic Super	90	117
Employer contributions - other funds	1,325	1,130
Total employer contributions to accumulation funds	**3,647**	**3,357**
Employer contributions payable at reporting date	145	135

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	11,552	12,980
General maintenance	2,258	2,160
Utilities	1,102	1,115
Information technology	3,086	3,044
Insurance	1,069	915
Consultants	3,757	3,377
Banking and financing fees	150	170
Subscriptions and memberships	392	359
Advertising	318	221
Cost of goods sold	180	145
Legal and debt recovery	373	623
Staff development and recruitment	767	844
Waste management	9,145	9,180
Library	2,090	2,014
Property leases	-	24
Consumables	1,506	1,596
Other	580	621
Total materials and services	**38,325**	**39,388**

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

Notes to the Financial Report
For the Year Ended 30 June 2025

4.3 Depreciation

	2025 $'000	2024 $'000
Property	6,202	4,562
Plant and equipment	2,250	1,975
Infrastructure	17,961	13,311
Total depreciation	**26,413**	**19,848**

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 Allowance for impairment losses

Software	-	-
Other debtors	70	57
Total allowance for impairment losses	**70**	**57**
Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	165	124
New allowances recognised during the year	211	76
Amounts already allowed for and written off as uncollectible	(8)	(1)
Amounts allowed for but recovered during the year	(147)	(34)
Balance at end of year	**221**	**165**

4.5 Other expenses

Landfill levy	1,404	1,360
Land management rebate	678	631
Councillors' allowances	374	381
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	70	70
Auditors' remuneration - internal audit	55	49
Fire services levy	124	105
Contributions to other organisations	1,111	1,119
Transfer of management of cemeteries	3,265	-
Fee waivers	99	57
Landfill rehabilitation provision movement	1,008	668
Others	70	225
Total other expenses	**8,258**	**4,665**

Notes to the Financial Report
For the Year Ended 30 June 2025

Note 5 INVESTING IN AND FINANCING OUR OPERATIONS

5.1 Financial assets

	2025	2024
	$'000	$'000
(a) Cash and cash equivalents		
Cash on hand	9	8
Cash at bank	29,422	11,530
Total cash and cash equivalents	**29,431**	**11,538**
(b) Other financial assets		
Current		
Term deposits	31,400	36,600
Shares in community bank	40	40
Total current other financial assets	31,440	36,640
Total other financial assets	**31,440**	**36,640**
Total cash and cash equivalents and other financial assets	**60,871**	**48,178**

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.

(c) Trade and other receivables		
Current		
Statutory receivables		
Rates debtors	9,020	8,180
Special rate assessment	1,692	1,967
Fire services levy debtors	797	722
Net GST receivable	745	729
Non statutory receivables		
Other debtors	3,301	4,689
Allowance for expected credit loss - other debtors	(221)	(165)
Total current trade and other receivables	**15,334**	**16,122**
Total trade and other receivables	**15,334**	**16,122**

Short term receivables are carried at invoice amount. An allowance for expected credit losses is recognised based on past experience and other objective evidence of expected losses. Long term receivables are carried at amortised cost using the effective interest rate method.

Notes to the Financial Report
For the Year Ended 30 June 2025

(d) Ageing of Receivables

	2025	2024
	$'000	$'000
The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:		
Current (not yet due)	1,400	3,077
Past due by up to 30 days	84	87
Past due between 31 and 180 days	290	236
Past due between 181 and 365 days	817	433
Past due by more than 1 year	710	856
Total trade and other receivables	**3,301**	**4,689**

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of $220,642 (2024: $242,149) were impaired. The amount of the allowance raised against these debtors was $220,642 (2024: $164,626). 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)	-	2
Past due by up to 30 days	-	-
Past due between 31 and 180 days	172	72
Past due between 181 and 365 days	-	63
Past due by more than 1 year	49	28
Total trade & other receivables	**221**	**165**

Notes to the Financial Report
For the Year Ended 30 June 2025

5.2 Non-financial assets

	2025	2024
	$'000	$'000
(a) Inventories		
Inventories held for distribution	55	44
Total inventories	**55**	**44**

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

(b) Other assets		
Prepayments	867	832
Other	461	552
Total other assets	**1,328**	**1,384**

(c) Intangible assets		
Landfill air space	2,417	2,733
Total intangible assets	**2,417**	**2,733**
Gross carrying amount		
Balance at 1 July 2024	3,778	3,292
Reestimation of gross carrying amounts	55	486
Balance at 30 June 2025	**3,833**	**3,778**
Accumulated amortisation and impairment		
Balance at 1 July 2024	1,045	612
Amortisation expense	371	433
Balance at 30 June 2025	**1,416**	**1,045**
Net book value at 30 June 2024	2,733	2,680
Net book value at 30 June 2025	**2,417**	**2,733**

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.

Notes to the Financial Report
For the Year Ended 30 June 2025

5.3 Payables, trust funds and deposits and contract and other liabilities

	2025	2024
	$'000	$'000
(a) Trade and other payables		
Current		
Non-statutory payables		
Trade payables	7,988	5,280
Accrued expenses	695	1,585
Statutory payables		
Net GST payable	-	-
Total current trade and other payables	**8,683**	**6,865**
(b) Trust funds and deposits		
Current		
Refundable deposits	2,802	4,476
Fire Services Property levy	(476)	(280)
Retention amounts	5	-
Other refundable deposits	(39)	810
Total current trust funds and deposits	**2,292**	**5,006**
(c) Contract and other liabilities		
Contract liabilities		
Current		
Grants received in advance - operating	716	1,140
Grants received in advance - capital	6,486	5,962
Contributions - monetary	9,917	9,091
User fees	655	548
Other income	45	44
Total contract liabilities	**17,819**	**16,785**

Trust funds and deposits

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.

Contract liabilities

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

Other liabilities

Grant consideration was received from various bodies to support the construction of various capital projects. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion of the asset. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Purpose and nature of items

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

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

Notes to the Financial Report
For the Year Ended 30 June 2025

5.4 Interest-bearing liabilities

	2025	2024
	$'000	$'000
Current		
Treasury Corporation of Victoria borrowings - secured	4,431	13,436
Other borrowings - secured	2,646	-
Total current interest-bearing liabilities	**7,077**	**13,436**
Non-current		
Treasury Corporation of Victoria borrowings - secured	22,178	8,110
Other borrowings - secured	-	2,646
Total non-current interest-bearing liabilities	**22,178**	**10,756**
Total	**29,255**	**24,192**

Borrowings are secured against the rates other income of Council

(a) The maturity profile for Council's borrowings is:		
Not later than one year	7,077	13,436
Later than one year and not later than five years	13,408	6,494
Later than five years	8,770	4,262
	29,255	**24,192**

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

The classification depends on the nature and purpoise of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities based on contractual repayment terms at every balance date.

Notes to the Financial Report
For the Year Ended 30 June 2025

5.5 Provisions

2025	Employee $ '000	Landfill restoration $ '000	Total $ '000
Balance at beginning of the financial year	8,204	12,099	20,303
Additional provisions	4,592	1,064	5,656
Amounts used	(4,537)	(233)	(4,770)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	91	(52)	39
Balance at the end of the financial year	**8,350**	**12,878**	**21,228**
Provisions - current	6,829	2,253	9,082
Provisions - non-current	1,521	10,625	12,146
2024			
Balance at beginning of the financial year	8,038	12,489	20,527
Additional provisions	3,534	1,154	4,688
Amounts used	(3,354)	(236)	(3,590)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(14)	(1,308)	(1,322)
Balance at the end of the financial year	**8,204**	**12,099**	**20,303**
Provisions - current	7,019	234	7,253
Provisions - non-current	1,185	11,865	13,050

(a) Employee provisions

	2025 $'000	2024 $'000
Current provisions expected to be wholly settled within 12 months		
Annual leave	2,126	2,046
Long service leave	261	705
Leave in lieu	291	248
	2,678	**2,999**
Current provisions expected to be wholly settled after 12 months		
Annual leave	345	508
Long service leave	3,806	3,512
	4,151	**4,020**
Total current employee provisions	**6,829**	**7,019**
Non-current		
Long service leave	1,521	1,185
Total non-current employee provisions	**1,521**	**1,185**
Aggregate carrying amount of employee provisions:		
Current	6,829	7,019
Non-current	1,521	1,185
Total aggregate carrying amount of employee provisions	**8,350**	**8,204**

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

Notes to the Financial Report
For the Year Ended 30 June 2025

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	3.21 - 4.05	4.06 - 4.66
- index rate	3.00 - 3.25	1.80 - 3.25

(b) Landfill restoration

	2025	2024
	$'000	$'000
Current	2,253	234
Non-current	10,625	11,865
	12,878	**12,099**

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	3.21 - 4.86	4.06 - 4.41
- index rate	2.1 - 2.9	2.60 - 3.80
- estimated cost to rehabilitate ($'000)	15,201	14,547
- average settlement period	9.8 years	10.4 years

5.6 Financing arrangements

	2025	2024
	$'000	$'000
The Council has the following funding arrangements in place as at 30 June 2025:		
Credit card facilities	150	150
Treasury Corporation of Victoria facilities	26,609	21,546
Other facilities	2,646	2,646
Total facilities	**29,405**	**24,342**
Used facilities	29,255	24,249
Unused facilities	109	93

Notes to the Financial Report
For the Year Ended 30 June 2025

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

2025	Not later than 1 year $'000	Later than 1 year and not later than 2 years $'000	Later than 2 years and not later than 5 years $'000	Later than 5 years $'000	Total $'000
Operating					
Garbage and recycling collection	9,857	10,271	1,788	-	21,916
Software licensing	1,961	936	62	-	2,959
Leisure centre management	1,226	1,189	2,330	-	4,745
Consultancies	997	-	-	-	997
Telecommunications services	200	205	105	-	510
Electricity supply	536	550	1,734	303	3,123
Land improvements	6,958	-	-	-	6,958
Other	129	129	22	-	280
Total	**21,864**	**13,280**	**6,041**	**303**	**41,488**
Capital					
Buildings	1,397	-	-	-	1,397
Land improvements	6	-	-	-	6
Footpaths and cycleways	2,274	-	-	-	2,274
Total	**3,677**	**-**	**-**	**-**	**3,677**

2024	Not later than 1 year $'000	Later than 1 year and not later than 2 years $'000	Later than 2 years and not later than 5 years $'000	Later than 5 years $'000	Total $'000
Operating					
Garbage and recycling collection	10,115	10,601	12,935	-	33,651
Software licensing	1,324	1,324	815	-	3,463
Leisure centre management	1,016	-	-	-	1,016
Consultancies	736	764	-	-	1,500
Telecommunications services	221	221	331	-	773
Electricity supply	515	520	1,590	810	3,435
Other	103	74	89	-	266
Total	**14,030**	**13,504**	**15,760**	**810**	**44,104**
Capital					
Buildings	436	-	-	-	436
Land improvements	2,610	-	-	-	2,610
Footpaths and cycleways	2,248	1,984	-	-	4,232
Bridges	71	-	-	-	71
Total	**5,365**	**1,984**	**-**	**-**	**7,349**

Notes to the Financial Report
For the Year Ended 30 June 2025

(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:

	2025	2024
	$'000	$'000
Not later than one year	1,088	993
Later than one year and not later than five years	4,255	3,927
Later than five years	7,999	8,331
	13,342	**13,251**

5.8 Leases

At inception of a contract, Council assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:
- The contract involves the use of an identified asset;
- Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- Council has the right to direct the use of the asset.

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

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:
- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

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

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

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

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

Under *AASB 16 Leases*, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Notes to the Financial Report
For the Year Ended 30 June 2025

	Property	Other	Total
Right-of-Use Assets	**$'000**	**$'000**	**$'000**
Balance at 1 July 2024	747	-	747
Additions	14	671	685
Depreciation charge	(295)	-	(295)
Balance at 30 June 2025	**466**	**671**	**1,137**

Lease Liabilities	**2025**	**2024**
Maturity analysis - contractual undiscounted cash flows	**$'000**	**$'000**
Less than one year	408	310
One to five years	618	483
More than five years	319	-
Total undiscounted lease liabilities as at 30 June	**1,345**	**793**
Lease liabilities included in the Balance Sheet at 30 June		
Current	362	298
Non-current	796	475
Total lease liabilities	**1,158**	**773**

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 exisiting 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.

	2025	2024
Expenses relating to	**$'000**	**$'000**
Short-term leases	24	24
Total	**24**	**24**

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	4	-
Total lease commitments	**5**	**-**

Notes to the Financial Report
For the Year Ended 30 June 2025

6.1 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2024 $'000	Additions $'000	Contributions $'000	Revaluation $'000	Depreciation $'000	Disposal $'000	Write-off $'000	Transfers $'000	Carrying amount 30 June 2025 $'000
Property	424,096	-	848	(5,250)	(6,205)	(75)	-	3,007	416,421
Plant and equipment	12,010	-	-	48	(2,250)	(242)	-	2,141	11,707
Infrastructure	829,925	-	5,167	46,457	(17,958)	(1,283)	-	5,081	867,389
Work in progress	33,497	28,023	-	-	-	-	(1,652)	(10,229)	49,639
Total	**1,299,528**	**28,023**	**6,015**	**41,255**	**(26,413)**	**(1,600)**	**(1,652)**	**-**	**1,345,156**

Summary of Work in Progress

	Opening WIP $'000	Additions $'000	Write-off $'000	Transfers $'000	Closing WIP $'000
Property	20,515	10,497	(1,327)	(3,003)	26,682
Plant and equipment	223	2,363	(35)	(2,141)	410
Infrastructure	12,759	15,163	(290)	(5,085)	22,547
Total	**33,497**	**28,023**	**(1,652)**	**(10,229)**	**49,639**

Notes to the Financial Report
For the Year Ended 30 June 2025

(a) Property

	Land - specialised $'000	Land - non specialised $'000	Land under roads $'000	Land improvements $'000	Total land & land Improvements $'000	Buildings $'000	Total buildings $'000	Work in progress $'000	Total property $'000
At fair value 1 July 2024	184,183	3,850	39,124	136,779	**363,936**	151,190	**151,190**	20,515	**535,641**
Accumulated depreciation at 1 July 2024	-	-	-	(48,026)	**(48,026)**	(43,004)	**(43,004)**	-	**(91,030)**
Carrying amount at 1 July 2024	**184,183**	**3,850**	**39,124**	**88,753**	**315,910**	**108,186**	**108,186**	**20,515**	**444,611**
Movements in fair value									
Additions	-	-	-	-	**-**	-	**-**	10,497	**10,497**
Contributions	765	-	-	83	**848**	-	**-**	-	**848**
Revaluation	(7,699)	(83)	(2,037)	(3,116)	**(12,935)**	5,243	**5,243**	-	**(7,692)**
Disposal	-	-	-	-	**-**	(154)	**(154)**	-	**(154)**
Write-off	-	-	-	-	**-**	-	**-**	(1,327)	**(1,327)**
Transfers	-	-	-	1,425	**1,425**	1,578	**1,578**	(3,003)	**-**
Reclassification	-	-	-	4	**4**	-	**-**	-	**4**
	(6,934)	(83)	(2,037)	(1,604)	**(10,658)**	6,667	**6,667**	6,167	**2,176**
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	(2,960)	**(2,960)**	(3,242)	**(3,242)**	-	**(6,202)**
Accumulated depreciation of revaluations	-	-	-	2,442	**2,442**	-	**-**	-	**2,442**
Accumulated depreciation of disposals	-	-	-	-	**-**	79	**79**	-	**79**
Accumulated depreciation of reclassifications	-	-	-	(3)	**(3)**	-	**-**	-	**(3)**
Transfers	-	-	-	-	**-**	-	**-**	-	**-**
	-	-	-	(521)	**(521)**	(3,163)	**(3,163)**	-	**(3,684)**
At fair value 30 June 2025	177,249	3,767	37,087	135,175	**353,278**	157,857	**157,857**	26,682	**537,817**
Accumulated depreciation at 30 June 2025	-	-	-	(48,547)	**(48,547)**	(46,167)	**(46,167)**	-	**(94,714)**
Carrying amount at 30 June 2025	**177,249**	**3,767**	**37,087**	**86,628**	**304,731**	**111,690**	**111,690**	**26,682**	**443,103**

Notes to the Financial Report
For the Year Ended 30 June 2025

(b) Plant and Equipment

	Plant, machinery and equipment $'000	Fixtures, fittings & furniture $'000	Computers and telecomms $'000	Artworks $'000	Work in progress $'000	Total plant and equipment $'000
At fair value 1 July 2024	13,822	1,157	2,953	4,173	223	**22,329**
Accumulated depreciation at 1 July 2024	(6,562)	(1,099)	(1,210)	(1,226)	-	**(10,096)**
Carrying amount at 1 July 2024	**7,261**	**58**	**1,744**	**2,947**	**223**	**12,233**
Movements in fair value						
Additions	-	-	-	-	2,363	**2,363**
Revaluation	-	-	-	117	-	**117**
Disposal	(995)	-	(191)	(19)	-	**(1,205)**
Write-off	-	-	-	-	(35)	**(35)**
Transfers	1,445	-	696	-	(2,141)	**-**
	450	-	505	98	187	**1,240**
Movements in accumulated depreciation						
Depreciation and amortisation	(1,578)	(19)	(611)	(42)	-	**(2,250)**
Accumulated depreciation of revaluations	-	-	-	(69)	-	**(69)**
Accumulated depreciation of disposals	820	-	129	14	-	**963**
	(758)	(19)	(482)	(97)	-	**(1,356)**
At fair value 30 June 2025	14,272	1,157	3,458	4,271	410	**23,569**
Accumulated depreciation at 30 June 2025	(7,320)	(1,118)	(1,692)	(1,323)	-	**(11,452)**
Carrying amount at 30 June 2025	**6,953**	**39**	**1,767**	**2,948**	**410**	**12,117**

Notes to the Financial Report
For the Year Ended 30 June 2025

(c) Infrastructure

	Roads $'000	Bridges $'000	Footpaths and cycleways $'000	Drainage $'000	Waste management $'000	Water sensititive urban design $'000	Work in progress $'000	Total infrastructure $'000
At fair value 1 July 2024	735,601	47,423	78,211	210,397	6,530	23,187	12,759	**1,114,108**
Accumulated depreciation at 1 July 2024	(185,827)	(13,100)	(11,505)	(50,976)	(4,714)	(5,302)	-	**(271,424)**
Carrying amount at 1 July 2024	**549,774**	**34,323**	**66,706**	**159,421**	**1,816**	**17,885**	**12,759**	**842,684**
Movements in fair value								
Additions	-	-	-	-	-	-	15,163	**15,163**
Contributions	2,467	-	580	2,030	-	90	-	**5,167**
Revaluation	1,534	79,416	-	-	-	-	-	**80,950**
Disposal	(1,572)	(409)	(40)	-	-	-	-	**(2,021)**
Write-off	-	-	-	-	-	-	(290)	**(290)**
Transfers	2,093	2,790	162	5	-	35	(5,085)	**-**
Reclassication	(4)	-	-	-	-	-	-	**(4)**
	4,518	81,797	702	2,035	-	125	9,788	**98,965**
Movements in accumulated depreciation								
Depreciation and amortisation	(12,804)	(871)	(1,650)	(1,701)	(360)	(575)	-	**(17,961)**
Accumulated depreciation of revaluations	(975)	(33,518)	-	-	-	-	-	**(34,493)**
Accumulated depreciation of disposals	589	137	12	-	-	-	-	**738**
Accumulated depreciation of reclassifications	3	-	-	-	-	-	-	**3**
	(13,187)	(34,252)	(1,638)	(1,701)	(360)	(575)	-	**(51,713)**
At fair value 30 June 2025	740,119	129,220	78,913	212,432	6,530	23,312	22,547	**1,213,073**
Accumulated depreciation at 30 June 2025	(199,014)	(47,352)	(13,143)	(52,677)	(5,074)	(5,877)	-	**(323,137)**
Carrying amount at 30 June 2025	**541,105**	**81,868**	**65,770**	**159,755**	**1,456**	**17,435**	**22,547**	**889,936**

Notes to the Financial Report
For the Year Ended 30 June 2025

Note 6 ASSETS WE MANAGE

6.1 Property, infrastructure, plant and equipment

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. Refer also to Note 8.4 for further disclosure regarding fair value measurement.

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

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

	Depreciation Period	Threshold Limit $'000
Asset recognition thresholds and depreciation periods		
Land & land improvements		
Land	-	-
Land improvements	15 - 120	1 - 5
Buildings		
Buildings (long and short life components)	20 - 100	10
Plant and Equipment		
Plant, machinery and equipment	4 - 10	10
Fixtures, fittings and furniture	3 - 10	5
Computers and telecommunications	3 - 10	5
Artworks	20 - 120	5
Infrastructure		
Roads - seals, pavements and substructure	12 - 100	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.

Notes to the Financial Report
For the Year Ended 30 June 2025

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Assetic Pty Ltd, by Ashay Prabhu MIE (Aust) CPEng, NPER: 1102199 as at 30 June 2022.

An external valuation of land improvements was undertaken by a qualified indepedent valuer iinSights Pty Ltd, by Antonio Blefari, MEM MIEAust, NER PE0008367 as at 1 July 2024.

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

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

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

A fair value assessment of land and buildings has been carried out in the current year for to determine if a material change to the fair value had occured. The assessment indicated a material decrease in land and increase in buildings fair value since the indexation-based adjustment in the prior year. In preparing the indexation-based revaluation, Council applied: the Valuer-General Victoria (VGV) building cost indexation factor for 2024–25 (rural/regional: 1.030 for residential and 1.050 for commercial/industrial) and the VGV land (site value) indexation factors for 2024–25, by postcode and land use class, as published via the DTF/Valuer-General Victoria indices. Council chose to perform an indexation-based revaluation of land and buildings in accordance with the fair value assessment as at 30 June 2025. The next independent revaluation of land and buildings will be scheduled in line with revaluation frequencies in Note 8.4 Fair value measurement and current asset management practices.

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

As at 30 June 2025 details of the Council's land and buildings and information about the fair value hierarchy, as defined in Note 8.4, are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Date of Valuation	Type of Valuation
Land - specialised	-	-	177,248	Jun-25	index
Land - non specialised	-	3,767	-	Jun-25	index
Land under roads	-	-	37,087	Jun-25	index
Land improvements	-	-	86,629	Jul-24	full
Buildings	-	-	111,689	Jun-25	index
Total	**-**	**3,767**	**412,653**		

Valuation of infrastructure

Valuation of bridges infrastructure was undertaken by a qualified independent valuer iinSights Pty Ltd, by Antonio Blefari, MEM MIEAust, NER PE0008367 as at 30 June 2025. The valuation of bridges infrastructure was undertaken for the purposes of Accounting Compliance Fair Value in accordance with the Australian Accounting Standards. The adjustment results in a gain recognised through the Revaluation Reserve and will impact the Council's future depreciation charges.

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

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

As at 30 June 2025 details of the Council's infrastructure and information about the fair value hierarchy, as defined in Note 8.4, are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Date of Valuation	Type of Valuation
Roads	-	-	541,103	Jun-24	full
Bridges	-	-	81,869	Jun-25	full
Footpaths and cycleways	-	-	65,769	Jun-24	full
Drainage	-	-	159,754	Jun-23	full
Waste management	-	-	1,456	Jun-15	full
Water sensitive urban design	-	-	17,436	Jun-23	full
Total	**-**	**-**	**867,387**		

Notes to the Financial Report
For the Year Ended 30 June 2025

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 $1,446 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from $429 to $3,549 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of 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 7 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land	**2025 $'000**	**2024 $'000**
Land under roads	37,087	39,124
Parks and reserves	118,038	123,540
Community facilities	26,737	27,534
Car parks	16,987	17,406
Civic centres	9,950	10,099
Transfer stations and landfill sites	5,536	5,604
Total specialised land	**214,335**	**223,307**

Notes to the Financial Report
For the Year Ended 30 June 2025

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.

(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 and Manager Financial Services are deemed KMP.

Details of KMP at any time during the year are:

Councillors

Councillor Rochelle Halstead (Deputy Mayor 1 July 2024 to 25 October 2024. Mayor 20 November 2024 - present)
Councillor Brett Tessari (Deputy Mayor 20 November 2024 to present)
Councillor Meg Edwards (11 November 2024 to present)
Councillor Mat Morgan (11 November 2024 to present)
Councillor Ron Bauer (11 November 2024 to present)
Councillor Tim O'Brien (11 November 2024 to present)
Councillor Jon Temby (11 November 2024 to present)
Councillor Jan Thompson (11 November 2024 to present)
Councillor Tracey Bell (11 November 2024 to present)
Councillor Clare Le Serve (Mayor 1 July 2024 to 25 October 2024)
Councillor David Rooks (1 July 2024 to 25 October 2024)
Councillor Geoff Ellis (1 July 2024 to 25 October 2024)
Councillor Michael Whelan (1 July 2024 to 25 October 2024)
Councillor Les Larke (1 July 2024 to 25 October 2024)
Councillor Leticia Laing (1 July 2024 to 25 October 2024)

Executive Team

Chief Executive Officer - Greg Box
Acting General Manager Business Transformation - Robyn Borley (1 July 2024 to 30 August 2024)
Acting General Manager Partnerships, Economy and Culture - Colette McMahon (1 July 2024 to 30 August 2024)
Acting General Manager Place Making - Donna Taylor (1 July 2024 to 30 August 2024)
General Manager Resilient Communities - Jodi Kennedy (1 July 2024 to 30 August 2024)
General Manager Community & Culture - Jodi Kennedy (31 August 2024 to present)
General Manager Future Places - Donna Taylor (31 August 2024 to 15 January 2025)
Acting General Manager Future Places - Damian Prendergast (29 January 2025 to 21 April 2025)
General Manager Future Places - Donna Taylor (22 April 2025 to present)
Acting General Manager Innovation and Engagement - John Wynen (2 September 2024 to 18 October 2024)
General Manager Innovation and Engagement - Teena Hale Pennington (21 October 2024 to 11 April 2025)
Acting General Manager Innovation and Engagement - David Filmalter (14 April 2024 to present)
Executive Manager Governance & Finance - Robyn Borley (31 August 2024 to 3 January 2025)
Acting Executive Manager Governance & Finance - Donna Taylor (16 January 2025 to 21 April 2025)

Other KMP

Chief Financial Officer - David Filmalter (1 July 2024 to 13 April 2025)
Acting Chief Financial Officer - Joseph Kay (22 April 2025 to 22 June 2025)
Manager Financial Services - Joseph Kay (23 June 2025 to present)

	2025 No.	2024 No.
Total Number of Councillors	15	10
Total of Chief Executive Officer and other Key Management Personnel	10	10
Total Number of Key Management Personnel	**25**	**20**

(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.

Notes to the Financial Report
For the Year Ended 30 June 2025

	2025 $'000	2024 $'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,886	1,957
Other long-term employee benefits	38	48
Post-employment benefits	162	164
Termination benefits	5	-
Total	**2,091**	**2,169**

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

	2025 No.	2024 No.
Income range:		
$0 - $9,999	-	1
$10,000 - $19,999	11	1
$20,000 - $29,999	-	1
$30,000 - $39,999	2	6
$40,000 - $49,999	3	1
$50,000 - $59,999	1	1
$60,000 - $69,999	-	1
$70,000 - $79,999	-	1
$80,000 - $89,999	1	-
$90,000 - $99,999	1	-
$110,000 - $119,999	-	1
$130,000 - $139,999	1	1
$140,000 - $149,999	1	-
$180,000 - $189,999	-	1
$230,000 - $239,999	-	1
$240,000 - $249,999	1	1
$250,000 - $259,999	-	-
$260,000 - $269,999	-	1
$270,000 - $279,999	1	-
$280,000 - $289,999	1	-
$290,000 - $299,999	-	1
$350,000 - $359,999	1	-
Total	**25**	**20**

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds $170,000 and who report directly to a member of the KMP.

	2025 $'000	2024 $'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	1,804	1,822
Other long-term employee benefits	51	62
Post-employment benefits	201	187
Termination benefits	210	-
Total	**2,266**	**2,071**

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

	2025 No.	2024 No.
Income Range:		
$170,000 - $179,999	3	10
$180,000 - $189,999	9	2
$190,000 - $199,999	1	4
$200,000 - $209,000	4	1
Total	**17**	**17**

Total remuneration for the reporting year for other senior staff included above amounted to:	2,266	2,071

Notes to the Financial Report
For the Year Ended 30 June 2025

7.2 Related party disclosure

		2025 $'000	2024 $'000
(a) Transactions with related parties			
During the period Council entered into the following transactions with related parties:			
Other Contributions	*Destination Phillip Island*	106	94
Other Contributions	*Destination Gippsland*	93	92
Other Contributions	*Nature Recovery Foundation*	15	-
		214	**186**

(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 (2024: $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 2025

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 an 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 are not aware of any insurance matters that could have a material impact on future operations.

Legal matters

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

Liability Mutual Insurance

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

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). At the end of the liability period, an adjustment payment may be required (or received). The determination of any adjustment payment is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria.

(c) Guarantees for loans to other entities

	2025	2024
	$'000	$'000
Department of Sustainability and Environment	5	5
Phillip Island Nature Parks	350	350
Environment Protection Agency	570	570

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.

Notes to the Financial Report
For the Year Ended 30 June 2025

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period. Council assesses the impact of these new standards. As at 30 June 2025 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2025 that are expected to impact Council.

In September 2024 the Australian Accounting Standards Board (AASB) issued two Australian Sustainability Reporting Standards (ASRS). This followed Commonwealth legislation establishing Australia's sustainability reporting framework. Relevant entities will be required to undertake mandatory reporting of climate-related disclosures in future financial years. Public sector application issues remain under consideration and Council will continue to monitor developments and potential implications for future financial years.

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), bank and/or TCV borrowings. Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

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

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020* . Council manages interest rate risk by adopting an investment policy that ensures:
- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

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

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

Notes to the Financial Report
For the Year Ended 30 June 2025

(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 allowance 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 + 0.25% and -0.75% in market interest rates (AUD) from year-end rates of 3.85%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, they could have an adverse impact in the order of $314,000, on the results of Council's operations.

Notes to the Financial Report
For the Year Ended 30 June 2025

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.

Council has considered the amendments to AASB 13 Fair Value Measurement that apply for the 2024-25 financial year as a result of AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities. For assets, where the Council adopts a current replacement cost approach to determine fair value, the Council now considers the inclusion of site preparation costs, disruption costs and costs to restore another entity's assets in the underlying valuation.

The AASB 13 amendments apply prospectively, comparative figures have not been restated.
The AASB 13 amendments have not resulted in any material impacts to Council's financial statements.

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 4 to 5 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	**Revaluation frequency**
Land	1 - 5 Years
Buildings	1 - 5 Years
Roads	1 - 5 Years
Bridges	1 - 5 Years
Footpaths and cycleways	1 - 5 Years
Drainage	1 - 5 Years
Recreational, leisure and community facilities	1 - 5 Years
Waste management	1 - 5 Years
Wter sensitive urban design	1 - 5 Years

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

Notes to the Financial Report
For the Year Ended 30 June 2025

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.

Notes to the Financial Report
For the Year Ended 30 June 2025

Note 9 OTHER MATTERS

9.1 Reserves

(a) Asset revaluation reserves

	Balance at beginning of reporting period $'000	Asset Reval Increase (decrease) $'000	Transfer to/(from) accumulated surplus on disposal $'000	Balance at end of reporting period $'000
2025				
Property				
Land	159,675	(7,782)	-	151,893
Land under roads	23,299	(2,037)	-	21,262
Land improvements	58,716	(674)	-	58,042
Buildings	63,822	5,243	-	69,065
	305,512	(5,250)	-	300,262
Property				
Artworks	2,288	48	(6)	2,330
	2,288	48	(6)	2,330
Infrastructure				
Infrastructure	581,827	46,457	(280)	628,004
	581,827	46,457	(280)	628,004
Total asset revaluation reserves	**889,627**	**41,255**	**(286)**	**930,596**
2024				
Property				
Land	160,266	(591)	-	159,675
Land under roads	22,980	319	-	23,299
Land improvements	11,101	47,615	-	58,716
Buildings	56,416	7,406	-	63,822
	250,763	54,749	-	305,512
Property				
Artworks	2,288	-	-	2,288
	2,288	-	-	2,288
Infrastructure				
Infrastructure	314,989	266,838	-	581,827
	314,989	266,838	-	581,827
Total asset revaluation reserves	**568,040**	**321,587**	**-**	**889,627**

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

On disposal or derecognition of a revalued asset, the related balance in the Asset Revaluation Reserve is transferred to accumulated surplus. Transfers are within equity and do not affect the operating result.

Notes to the Financial Report
For the Year Ended 30 June 2025

(b) Other reserves

	Balance at beginning of reporting period $'000	Transfer from accumulated surplus $'000	Transfer to accumulated surplus $'000	Balance at end of reporting period $'000
2025				
Identified reserves				
Constrained works (carry forward)	3,896	2,951	(3,896)	2,951
Future sustainability fund	350	-	-	350
Landfill rehabilitation	6,030	971	(300)	6,701
LGFV sinking fund	2,382	267	-	2,649
	12,658	4,189	(4,196)	12,651
Discretionary reserves				
Art in public places	192	-	(90)	102
Skate parks	261	-	-	261
Strategic works	12,249	8,684	(3,603)	17,330
VGC grant received in advance	-	4,594	-	4,594
Resort and recreation interest reserve	804	180	-	984
Wonthaggi North East Development Contribution Plan	-	606	-	606
Wonthaggi North East land acquisition reserve	1,500	1,000	-	2,500
Tracks and trails reserve	1,385	45	-	1,430
Unallocated surplus	6,322	-	-	6,322
	22,713	15,109	(3,693)	34,129
Total Other reserves	**35,371**	**19,298**	**(7,889)**	**46,780**
2024				
Identified reserves				
Constrained works (carry forward)	6,001	3,896	(6,001)	3,896
Future sustainability fund	350	-	-	350
Landfill rehabilitation	6,259	-	(229)	6,030
LGFV sinking fund	2,118	264	-	2,382
	14,728	4,160	(6,230)	12,658
Discretionary reserves				
Art in public places	183	48	(39)	192
Skate parks	261	-	-	261
Strategic works	7,464	7,382	(2,597)	12,249
VGC grant received in advance	8,448	-	(8,448)	-
Resort and recreation interest reserve	723	177	(96)	804
Wonthaggi North East land acquisition reserve	1,000	500	-	1,500
Tracks and trails reserve	-	1,385	-	1,385
Unallocated surplus	6,322	-	-	6,322
	24,401	9,492	(11,180)	22,713
Total Other reserves	**39,129**	**13,652**	**(17,410)**	**35,371**

Notes to the Financial Report
For the Year Ended 30 June 2025

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.
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.
Tracks and Trails Reserve	These funds have been set aside to fund future expenditure on tracks & trails projects within the municipality.
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 Development Contribution Plan	Discretionary reserve to hold funds which are allocated for development of future Wonthaggi North East Development Contribution Plan Projects
Wonthaggi North East Land Acquisition Reserve	To fund the future land acquisitions in Wonthaggi North East as nominated by Council

Notes to the Financial Report
For the Year Ended 30 June 2025

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

	2025 $'000	2024 $'000
Surplus/(deficit) for the year	9,796	20,647
Non-cash adjustments:		
Depreciation/amortisation	27,079	20,584
Loss on disposal of property, infrastructure, plant and equipment	1,224	2,990
Borrowing costs	979	831
Finance costs - leases	13	18
Work in progress write off	1,652	3,002
Contributions - non monetary assets	(6,014)	(16,625)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	788	(2,268)
(Increase)/decrease in prepayments	(35)	(70)
Increase/(decrease) in accrued income	90	(343)
Increase/(decrease) in trade and other payables	1,818	(873)
(Decrease)/increase in contract and other liabilities	1,034	(3,269)
(Decrease)/increase in other liabilities	(2,714)	(962)
(Increase)/decrease in inventories	(11)	(13)
(Decrease)/increase in provisions	925	(224)
Decrease/(increase) in intangible assets	(55)	(486)
Net cash provided by/(used in) operating activities	**36,569**	**22,939**

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 2025, this was 11.5% as required under Superannuation Guarantee (SG) legislation (2024: 11.0%)).

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 Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements
Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. As at 30 June 2024, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2024 (of which Council is a contributing employer) was 105.4%. The financial assumptions used to calculate the VBI were:
- Net investment returns 5.6% pa
- Salary information 3.5% pa
- Price inflation (CPI) 2.7% pa

As at 30 June 2025, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2025. Vision Super has advised that the VBI at 30 June 2025 was 110.5%. Council was notified of the 30 June 2025 VBI during August 2025 (2024: August 2024). The financial assumptions used to calculate this VBI were:
- Net investment returns 5.7% pa
- Salary information 3.5% pa
- Price inflation (CPI) 2.6% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2024 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Notes to the Financial Report
For the Year Ended 30 June 2025

Employer contributions

(a) Regular contributions

On the basis of the results of the 2024 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 2025, this rate was 11.5% of members' salaries (11.0% in 2023/24). 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 2023 triennial valuation.

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

(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 98% from 26 July 2024 (previously 97%).

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

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

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

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

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

The 2024 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 2024 while a full investigation was conducted as at 30 June 2023.

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

	2024 (Interim) $m	**2023 (Triennial) $m**
- A VBI Surplus	108.4	84.7
- A total service liability surplus	141.4	123.6
- A discounted accrued benefits surplus	156.7	141.9

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 2024.

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 2024.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2024.

Notes to the Financial Report
For the Year Ended 30 June 2025

The 2025 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2025 as the Fund provides lifetime pensions in the Defined Benefit category. Vision Super has advised that the VBI at 30 June 2025 was 110.5%. Council was notified of the 30 June 2025 VBI during August 2025 (2024: August 2024). The financial assumptions used to calculate this VBI were:

- Net investment returns 5.7% pa
- Salary information 3.5% pa
- Price inflation (CPI) 2.6% pa

It is anticipated that this actuarial investigation will be completed by 31 October 2025.

The 2023 triennial investigation

The last triennial actuarial investigation conducted prior to 30 June 2023 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation were:

	2023 Triennial investigation	**2020 Triennial investigation**
Net investment return	5.7% pa	5.6% pa
Salary inflation	3.50% pa	2.5% pa for two years and 2.75% pa thereafter
Price inflation	2.8% pa	2.0% pa

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2025 are detailed below:

Scheme	**Type of Scheme**	**Rate**	**2025 $'000**	**2024 $'000**
Vision super	Defined benefits	11.5% (2024:11.0%)	68	88
Vision super	Accumulation	11.5% (2024:11.0%)	1,596	1,551

In addition to the above contributions, Council has not paid unfunded liability payments to Vision Super during the 2024/25 year (2023/24 $nil).

There were $61,448 in contributions outstanding and no loans issued from or to the above schemes as at 30 June 2025.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2026 is $39,579.

Notes to the Financial Report
For the Year Ended 30 June 2025

Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2024-25 year.

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

Bass Coast Shire Council

Performance Statement

For the year ended 30 June 2025

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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*.

_____
Joseph Kay, CA
Principal Accounting Officer
Dated: *October 2025*

In our opinion, the accompanying performance statement of the Bass Coast Shire Council for the year ended 30 June 2025 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.

_____
Cr Rochelle Halstead
Councillor
Dated: *October 2025*

_____
Cr Brett Tessari
Councillor
Dated: *October 2025*

_____
Gregory Box
Chief Executive Officer
Dated: *October 2025*

Victorian Auditor – General's Office Audit Report

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of ABC Shire Council

Opinion	I have audited the accompanying performance statement of ABC Shire Council (the council) which comprises the: • description of municipality for the year ended 30 June 2024 • service performance indicators for the year ended 30 June 2024 • financial performance indicators for the year ended 30 June 2024 • sustainable capacity indicators for the year ended 30 June 2024 • notes to the accounts • certification of the performance statement. In my opinion, the performance statement of ABC Shire Council in respect of the year ended 30 June 2024 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 4 of the *Local Government Act 2020 and* Local Government (Planning and Reporting) Regulations 2020.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the performance statement* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the performance statement	The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020 and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of a performance statement that is free from material misstatement, whether due to fraud or error.

DRAFT

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Auditor's responsibilities for the audit of the performance statement	As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement. As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control • evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation. I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
xx September 2024

Travis Derricott
as delegate for the Auditor-General of Victoria

DRAFT

Section 1. Description of municipality

Bass Coast Shire Council is a local government authority incorporated under the *Local Government Act 2020 (Vic).*

Bass Coast Shire is located on the traditional lands of the Bunurong people. A predominantly coastal municipality, Bass Coast boasts a stunning and diverse natural environment—from rugged coastlines and iconic beaches to rich farmland and bushland.

With a collection of over 30 vibrant townships and rural communities, each with its own unique identity and history, Bass Coast offers a mix of coastal and country living. Just 130 kilometres south-east of Melbourne, it is one of the fastest growing regional areas in Victoria. Bordered by Bass Strait to the south and neighbouring Cardinia and South Gippsland shires, Bass Coast is both accessible and deeply connected to its natural surrounds.

Home to over 43,000 permanent residents, the population increases significantly during holiday periods. Visitors are drawn by major events, coastal escapes, outdoor adventure, and cultural experiences, from surfing and cycling to local markets, the arts, wine and food, and nature-based tourism. Bass Coast offers a blend of rural, residential and holiday living, set against a backdrop of beaches, rolling hills, and wide-open skies.

The region is also home to the award-winning cultural venue Berninneit at the heart of Phillip Island in Cowes, and The Union Theatre in Wonthaggi, a venue deeply connected to the area's rich history of coal mining and social change. These facilities reflect a strong community commitment to creativity, storytelling and cultural connection.

Bass Coast continues to grow as a place where people come to live, work, invest and visit—attracted by its lifestyle, natural beauty, strong community spirit, and future-focused approach

1.1 Basis of target setting

Targets were set by Council on prescribed indicators in the 2024/25 Budget. No target was required to be set for indicators where 'N/A' is listed in the 'target as per budget' column.

Section 2. Service performance indicators

For the year ended 30 June 2025

	Results					
	2022	2023	2024	2025		Comments
	Actual	Actual	Actual	Target as per budget	Actual	
Aquatic Facilities ***Utilisation*** *Utilisation of aquatic facilities* [Number of visits to aquatic facilities / Municipal population]	1.16	2.95	3.31	N/A	3.36	The total number of visits to the aquatic facilities has increased marginally from 2023/24.
Animal Management ***Health and safety*** *Animal management prosecutions* [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	100.00%	82.35%	100.00%	N/A	100.00%	All eight animal management prosecutions in 2024/25 were successful.

	2022	2023	2024	2025		Comments
	Actual	Actual	Actual	Target as per budget	Actual	
Food Safety ***Health and safety*** *Critical and major non-compliance outcome notifications* *[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100*	100.00%	100.00%	100.00%	N/A	100.00%	Council received 11 non-compliance notifications regarding food premises and all 11 were followed up with an inspection.
Governance ***Satisfaction*** *Satisfaction with community consultation and engagement (community satisfaction rating out of 100 with the consultation and engagement efforts of Council)*	51	50	48	51	51	Bass Coast Council community satisfaction rating for consultation and engagement has increased by three points from the previous year and is above other Large Rural Councils and State-wide averages.
Libraries ***Participation*** *Library membership* *[percentage of the population that are registered library members] x100*	N/A	N/A	45.14%	N/A	46.88%	In 2024/25 there were 20,418 members registered to the libraries located within the Bass Coast Shire.

	2022	2023	2024	2025		Comments
	Actual	Actual	Actual	Target as per budget	Actual	
Maternal and Child Health (MCH) ***Participation*** *Participation in the 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*	N/A	N/A	N/A	N/A	N/A	Council does not have operational control of a MCH Service.
Participation *Participation in the MCH service by Aboriginal children* *[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*	N/A	N/A	N/A	N/A	N/A	Council does not have operational control of a MCH service.
Roads ***Condition*** *Sealed local roads below the intervention level* *(percentage of sealed local roads that are below the renewal intervention level set by Council and not requiring renewal)*	96.14%	98.01%	93.12%	98.00%	93.86%	In 2024/25 there were 621.61 kilometres of sealed local roads with 583.45 kilometres below Councils intervention level. The variance to target is due to updated condition data from the revaluation of Road assets completed in the 2023/24 financial year. For 2023/24 there were 608.09 kilometres of sealed local roads with 566.87 kilometres below Councils intervention level.

	2022	2023	2024	2025		Comments
	Actual	Actual	Actual	Target as per budget	Actual	
Statutory Planning ***Service standard*** *Planning applications decided within the relevant required time* *(percentage of planning application decisions made within the relevant required time)*	73.99%	No Result	60.47%	72.00%	76.75%	The total number of planning applications remained high for 2024/25 and there was an increase of planning application decisions compared to the previous year. Councils focus on improving operational practices and timeframes for decision making is reflected in the improved outcomes for this indicator.
Waste Management ***Waste diversion*** *Kerbside collection waste diverted from landfill* *[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100*	73.35%	74.56%	74.17%	75.00%	70.09%	Our Waste Diversion rate has been impacted by a 6% decrease in the volume of recyclables collected through kerbside bins. This is consistent with the introduction of the Container Deposit Scheme which has generated a positive shift in recycling. An improvement has been made in the reporting of contamination rates in 2024/25 which has also impacted the total tonnage diverted.

Section 3. Financial performance indicators

For the year ended 30 June 2025

Dimension/indicator / measure	2022	2023	2024	2025		2026	2027	2028	2029	Material Variations and Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Efficiency ***Expenditure level*** *Expenses per property assessment* *[Total expenses / Number of property assessments]*	$2,764.15	$2,843.63	$3,014.79	$2,857.36	$3,287.11	$3,266.95	$3,297.78	$3,355.81	$3,429.36	The 9.0 per cent increase is due to a 33 per cent increase in depreciation and an increase in other expenses for a one-off settlement payment for transfer of two Cemetery trusts to a separate entity.
Revenue level *Average rate per property assessment* *[Sum of all general rates and municipal charges / Number of property assessments]*	$1,590.53	$1,624.51	$1,676.90	N/A	$1,726.71	$1,771.27	$1,813.74	$1,858.32	$1,904.01	The 2.97 per cent increase in average rates per property assessment reflects a combination of the 2.75 per cent rate cap and the development of vacant land.
Liquidity ***Working capital*** *Current assets compared to current liabilities* *[Current assets / Current liabilities] x100*	147.88%	149.26%	132.40%	185.00%	171.22%	143.09%	130.52%	110.01%	104.44%	This indicator has been impacted by an increase in cash balances and a decrease in the value of borrowings classed as current liabilities following the refinancing of a short-term loan to a longer term.

Dimension/indicator/ measure	2022	2023	2024	2025		2026	2027	2028	2029	Material Variations and Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Unrestricted cash *Unrestricted cash compared to current liabilities* *[Unrestricted cash / Current liabilities] x100*	13.04%	46.37%	-9.00%	N/A	37.48%	12.21%	12.83%	10.57%	7.61%	The decrease in this indicator in 2023/24 is due to funds held in term deposits with original maturities greater than 90 days of $36.6 million being classed as other financial assets instead of cash. In 2024/25 Council held a higher balance of funds as cash rather than investments. If the value of investments over 90 days (other financial assets) were included the ratio would result in 2025 equalling 106.87%. The subsequent forecasts would range from 53% to 97%.
Obligations ***Loans and borrowings*** *Loans and borrowings compared to rates* *[Interest bearing loans and borrowings / Rate revenue] x100*	24.21%	29.26%	32.39%	N/A	37.58%	31.62%	31.44%	28.12%	23.63%	During 2024/25 Council drew down on borrowings for construction of intergenerational projects, this will continue during the forward outlook.
Loans and borrowings repayments compared to rates *[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100*	18.01%	18.09%	12.95%	N/A	18.51%	7.61%	4.35%	4.64%	4.59%	A short-term loan rollover ($8 million) has been accounted for as a repayment and redraw in each financial year, increasing to $12.57 million in 2023/24. In 2024/25 this loan was increased to $18.5 million and redrawn as two separate loans with extended terms.

Dimension/indicator/ measure	2022	2023	2024	2025		2026	2027	2028	2029	Material Variations and Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Indebtedness *Non-current liabilities compared to own source revenue* *[Non-current liabilities / Own source revenue] x100*	20.59%	31.32%	27.44%	N/A	38.76%	35.21%	37.79%	33.13%	28.18%	The increase in this indicator in 2024/25 is due to refinancing of a short-term loan to a longer term. Forecasts from 2025/26 and onward are consistent with the 2024/25 result and are due to the planned draw down of borrowings which will fund the delivery of intergenerational projects.
Asset renewal and upgrade *Asset renewal and upgrade compared to depreciation* *[Asset renewal and asset upgrade expense / Asset depreciation] x100*	138.14%	107.59%	120.51%	77.00%	65.86%	78.99%	84.55%	77.41%	65.95%	In 2024/25 Council's depreciation expense has increased 33 per cent from the prior financial year and 24 per cent to budget which has impacted the target. This is a result of asset revaluation increases and capitalisation of new assets.
Operating position ***Adjusted underlying result*** *Adjusted underlying surplus (or deficit)* *[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100*	-0.54%	-2.37%	-12.71%	N/A	-6.33%	-9.51%	-7.17%	-5.50%	-4.31%	Council's underlying result has been impacted by increases in depreciation expense and other expenses, partly offset by the advance payment of $4.6 million in funding from the Victorian Grants Commission.

Dimension/indicator/ measure	2022	2023	2024	2025		2026	2027	2028	2029	Material Variations and Comments
	Actual	Actual	Actual	Target As per budget	Actual	Forecast	Forecast	Forecast	Forecast	
Stability										
Rates concentration										
Rates compared to adjusted underlying revenue	73.61%	74.21%	81.12%	77.43%	72.65%	77.60%	77.88%	78.20%	78.57%	Council continues to have a high reliance on rate revenue consistent with other large rural Councils. The 2025 reduction is due to the early payment of the financial assistance grants.
[Rate revenue / Adjusted underlying revenue] x100										
Rates effort										
Rates compared to property values	0.27%	0.25%	0.27%	N/A	0.29%	0.31%	0.32%	0.33%	0.35%	The increase experienced in 2024/25 is due to an overall 3.90 percent decrease in capital improved property values within the municipality and a 2.75 percent rates increase.
[Rate revenue / Capital improved value of rateable properties in the municipality] x100										

Section 4. Sustainable capacity indicators

For the year ended 30 June 2025

	Results				
Indicator / measure [formula]	2022	2023	2024	2025	Comments
	Actual	Actual	Actual	Actual	
Population *Expenses per head of municipal population*	$2,277.92	$2,309.46	$2,428.75	$2,616.14	The 2024/25 increase of 7.72 per cent is attributable to increases in depreciation due to asset class revaluations and other expenses relating to payment for the transfer of two Cemetery trusts to a separate entity and a 1.94 per cent increase in population.
Infrastructure per head of municipal population *[Value of infrastructure / Municipal population]*	$15,228.44	$16,546.99	$23,019.92	$23,886.52	The value of Council's infrastructure has increased in 2024/25 because of; fair value infrastructure revaluation adjustments ($46 million), capital works expenditure ($28 million) and developer contributed assets ($6 million).
Population density per length of road *[Municipal population / Kilometres of local roads]*	42.00	42.75	42.90	43.26	The increase in population of 1.94 per cent has resulted in higher population density per kilometre of road.

Indicator / measure [formula]	2022	2023	2024	2025	Comments
	Actual	Actual	Actual	Actual	
Own-source revenue *Own-source revenue per head of municipal population* *[Own-source revenue / Municipal population]*	$1,946.06	$1,958.10	$2,071.05	$2,080.12	The result for 2024/25 is due to additional revenue associated with the operation of Berninneit through bookings and ticket sales and improved financial returns due to higher interest rates on investments.
Recurrent grants *Recurrent grants per head of municipal population* *[Recurrent grants / Municipal population]*	$269.16	$271.99	$35.99	$343.32	Increase in recurrent grants in 2021/22 and 2022/23 is due to Victorian Grants Commission funding received in advance. This did not occur in the 2023/24 financial year. Payment for 2024/25 and early payment for 2025/26 were received in 2024/25 resulting in a large increase in this result from 2024 to 2025.
Disadvantage *Relative Socio-Economic Disadvantage* *[Index of Relative Socio-Economic Disadvantage by decile]*	3	5	5	5	The socio-economic disadvantage index is prepared by the ABS. The result is based on a scale of one for most disadvantaged and ten for least disadvantaged.
Workforce turnover *Percentage of staff turnover* [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	15.0%	15.4%	18.2%	18.3%	Council's staff turnover is consistent with the prior year and is on par with industry average.

Section 5. Notes to the accounts

5.1. 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, service performance, financial performance and sustainable capacity indicators and measures together with a description of the municipal district, an explanation of material variations in the results and notes to the accounts. 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 or the Council's satisfaction survey provider).

The performance statement presents the actual results for the current year and the previous three years, along with the current year's target, if mandated by *the Local Government (Planning and Reporting) Regulations 2020*. Additionally, for the prescribed financial performance indicators and measures, the performance statement includes the target budget for the current year, and the results forecast for the period 2025-26 to 2028-29 by the council's financial 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.

5.2. Definitions

Key term	Definition
Aboriginal children	means a child who is an Aboriginal person
Aboriginal person	has the same meaning as in the Aboriginal Heritage Act 2006
adjusted underlying revenue	means total income other than: • non-recurrent grants used to fund capital expenditure; and • non-monetary asset contributions; and • 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
annual report	means an annual report prepared by a council under section 98 of the Act
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
asset upgrade expenditure	means expenditure that— (a) enhances an existing asset to provide a higher level of service; or (b) extends the life of the asset beyond its original life
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
current assets	has the same meaning as in the Australian Accounting Standards
current liabilities	has the same meaning as in the Australian Accounting Standards
food premises	has the same meaning as in the *Food Act 1984*
intervention level	means the level set for the condition of a road beyond which a council will not allow the road to deteriorate and will need to intervene
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
non-current liabilities	means all liabilities other than current liabilities
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

Key term	Definition
rate revenue	means revenue from general rates, municipal charges, service rates and service charges
relative socio-economic disadvantage	in relation to a municipal district, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipal district is located according to the Index of Relative Socio-Economic Disadvantage of SEIFA
restricted cash	means cash, cash equivalents and financial assets, within the meaning of the Australian Accounting Standards, 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
SEIFA	means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet site
unrestricted cash	means all cash and cash equivalents other than restricted cash

5.3. Other Matters

Overview of 2025

Bass Coast Shire's balance sheet remains strong with over $1 billion in Property, Plant and Infrastructure assets and relatively low levels of debt. In 2025 Council continued to invest in large intergenerational projects such as the Wonthaggi Inverloch Shared Pathway and various marine structures to meet the needs and aspirations of the community.

Interest rates decreased during the year, interest on investments however remains strong, and financing gains have been recognised, however the rate cap is not keeping pace with inflationary pressures. In 2024-25 Council incurred a cost for transfer of the Wonthaggi and San Remo Cemetery Trusts to another entity. Councils operating costs have increased, particularly those linked to CPI and depreciation. The timing of the Financial Assistance Grants have been adjusted again which has offset the full impact of increased expense pressures on Council's underlying deficit.