Bass Coast Shire Council
ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2020

Bass Coast Shire Council
Financial Report
Table of Contents

FINANCIAL REPORT		Page
Certification of the Financial Statements		1
Victorian Auditor-General's Office Report		2
Financial Statements		
Comprehensive Income Statement		4
Balance Sheet		5
Statement of Changes in Equity		6
Statement of Cash Flows		7
Statement of Capital Works		8
Overview		9
Notes to Financial Statements		
Note 1	Performance against budget	10
	1.1. Income and expenditure	10
	1.2. Capital works	12
Note 2	Analysis of Council results by program	14
Note 3	Funding for the delivery of our services	16
	3.1. Rates and charges	16
	3.2. Statutory fees and fines	16
	3.3. User fees	16
	3.4. Funding from other levels of government	17
	3.5. Contributions	18
	3.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment	18
	3.7. Other income	18
Note 4	The cost of delivering services	18
	4.1. Employee costs	18
	4.2. Materials and services	19
	4.3. Depreciation	19
	4.4. Amortisation - Intangible assets	19
	4.5. Amortisation - Right of use assets	19
	4.6. Bad and doubtful debts	20
	4.7. Borrowing costs	20
	4.8. Finance Costs - Leases	20
	4.9. Other expenses	20
Note 5	Our financial position	21
	5.1. Financial assets	21
	5.2. Non-financial assets	23
	5.3. Payables	24
	5.4. Interest-bearing liabilities	25
	5.5. Provisions	25
	5.6. Financing Arrangements	26
	5.7. Commitments	27
	5.8. Leases	27
Note 6	Assets we manage	29
	6.1. Non current assets classified as held for sale	29
	6.2. Property, infrastructure, plant and equipment	30
	6.3. Investments in associates, joint arrangements and subsidiaries	37
Note 7	People and relationships	38
	7.1. Council and key management remuneration	38
	7.2. Related party disclosure	40
Note 8	Managing uncertainties	41
	8.1. Contingent assets and liabilities	41
	8.2. Change in accounting standards	42
	8.3. Financial instruments	43
	8.4. Fair value measurement	45
	8.5. Events occurring after balance date	45
Note 9	Other matters	46
	9.1. Reserves	46
	9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	49
	9.3. Superannuation	49
Note 10	Change in accounting policy	52

Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989* , the *Local Government (Planning and Reporting) Regulations 2014* , the Australian Accounting Standards and other mandatory professional reporting requirements.

David Filmalter CA
Principal Accounting Officer

Date : 30 September 2020
76 McBride Ave, Wonthaggi VIC 3995

In our opinion the accompanying financial statements present fairly the financial transactions of Bass Coast Shire Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

Cr Brett Tessari
Mayor
Date : 30 September 2020
76 McBride Ave, Wonthaggi VIC 3995

Cr Geoff Ellis
Deputy Mayor

Date : 30 September 2020
76 McBride Ave, Wonthaggi VIC 3995

Ali Wastie
Chief Executive Officer
Date : 30 September 2020
76 McBride Ave, Wonthaggi VIC 3995

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Comprehensive Income Statement
For the Year Ended 30 June 2020

	Note	2020 $'000	2019 $'000
Income			
Rates and charges	3.1	61,796	58,582
Statutory fees and fines	3.2	3,140	2,888
User fees	3.3	3,844	4,545
Grants - operating	3.4	8,806	9,491
Grants - capital	3.4	3,860	2,871
Contributions - monetary	3.5	67	1,144
Contributions - non monetary	3.5	15,289	7,623
Share of net profits of associates	6.3	122	138
Other income	3.7	1,311	1,743
Total income		**98,235**	**89,025**
Expenses			
Employee costs	4.1	28,117	30,303
Materials and services	4.2	27,088	29,146
Depreciation	4.3	14,812	14,184
Amortisation - intangible assets	4.4	728	5,428
Amortisation - right of use assets	4.5	100	-
Bad and doubtful debts	4.6	5	(1)
Borrowing costs	4.7	446	622
Net loss on disposal of property, infrastructure, plant and equipment	3.6	1,128	923
Finance costs - leases	4.8	11	-
Other expenses	4.9	4,988	6,329
Total expenses		**77,423**	**86,934**
Surplus for the year		**20,812**	**2,091**
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	6.2 & 6.3	5,728	76,996
Total comprehensive result		**26,540**	**79,087**

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

Balance Sheet
As at 30 June 2020

	Note	2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	5.1	24,940	35,507
Trade and other receivables	5.1	10,039	6,188
Other financial assets	5.1	29,240	15,840
Inventories	5.2	69	71
Non-current assets classified as held for sale	6.1	-	2,094
Other assets	5.2	1,038	1,309
Total current assets		**65,326**	**61,009**
Non-current assets			
Investments in associates	6.3	1,804	1,601
Property, infrastructure, plant and equipment	6.2	723,194	701,060
Right-of-use assets	5.8	1,318	-
Intangible assets	5.2	58	291
Total non-current assets		**726,374**	**702,952**
Total assets		**791,700**	**763,961**
Liabilities			
Current liabilities			
Trade and other payables	5.3	4,689	6,973
Trust funds and deposits	5.3	7,262	4,283
Unearned income	5.3	6,169	-
Provisions	5.5	6,277	10,025
Interest-bearing liabilities	5.4	12,501	14,196
Lease liabilities	5.8	208	-
Total current liabilities		**37,106**	**35,477**
Non-current liabilities			
Provisions	5.5	11,161	9,165
Interest-bearing liabilities	5.4	3,015	3,654
Lease liabilities	5.8	1,115	-
Total non-current liabilities		**15,291**	**12,819**
Total liabilities		**52,397**	**48,296**
Net assets		**739,303**	**715,665**
Equity			
Accumulated surplus		266,088	250,744
Reserves	9.1	473,215	464,921
Total Equity		**739,303**	**715,665**

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

Statement of Changes in Equity
For the Year Ended 30 June 2020

2020	Note	Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
Balance at beginning of the financial year		715,665	250,744	421,369	43,552
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	(2,902)	(2,902)	-	-
Adjusted opening balance		712,763	247,842	421,369	43,552
Surplus for the year		20,812	20,812	-	-
Net asset revaluation increment	6.2	5,728	-	5,728	-
Transfers to other reserves	9.1	-	(35,904)	-	35,904
Transfers from other reserves	9.1	-	33,338	-	(33,338)
Balance at end of the financial year		**739,303**	**266,088**	**427,097**	**46,118**

2019		Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
Balance at beginning of the financial year		636,578	250,118	344,373	42,087
Surplus for the year		2,091	2,091	-	-
Net asset revaluation increment	6.2	76,996	-	76,996	-
Transfers to other reserves	9.1	-	(20,888)	-	20,888
Transfers from other reserves	9.1	-	19,423	-	(19,423)
Balance at end of the financial year		**715,665**	**250,744**	**421,369**	**43,552**

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 2020

	Note	2020 Inflows/ (Outflows) $'000	2019 Inflows/ (Outflows) $'000
Cash flows from operating activities			
Rates and charges		60,820	57,771
Statutory fees and fines		3,140	2,887
User fees		4,419	5,288
Grants - operating		9,540	9,491
Grants - capital		4,204	2,871
Contributions - monetary		2,062	1,144
Interest received		711	1,114
Dividends received		2	2
Trust funds and deposits taken		17,844	10,328
Other receipts		1,047	895
Net GST refund		4,285	3,868
Employee costs		(30,898)	(28,403)
Materials and services		(32,462)	(30,376)
Trust funds and deposits repaid		(14,994)	(9,845)
Other payments		(6,107)	(7,116)
Net cash provided by operating activities	9.2	**23,613**	**19,919**
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(18,040)	(17,644)
Proceeds from sale of property, infrastructure, plant and equipment		148	616
Payments for investments		(13,400)	(15,800)
Net cash used in investing activities		**(31,292)**	**(32,828)**
Cash flows from financing activities			
Finance costs		(460)	(622)
Proceeds from borrowings		11,737	3,349
Repayment of finance leases		-	(141)
Repayment of borrowings		(14,070)	(823)
Repayment of lease liabilities		(95)	-
Net cash (used in)/provided by financing activities		**(2,888)**	**1,763**
Net decrease in cash and cash equivalents		(10,567)	(11,146)
Cash and cash equivalents at the beginning of the financial year		35,507	46,653
Cash and cash equivalents at the end of the financial year		**24,940**	**35,507**
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

Statement of Capital Works
For the Year Ended 30 June 2020

	2,020 $'000	2,019 $'000
Property		
Land	838	654
Land improvements	3,604	3,214
Total land	**4,442**	**3,868**
Buildings	1,632	3,494
Total buildings	**1,632**	**3,494**
Total property	**6,074**	**7,362**
Plant and equipment		
Plant, machinery and equipment	555	2,627
Fixtures, fittings and furniture	10	-
Computers and telecommunications	350	50
Art works	9	49
Total plant and equipment	**924**	**2,726**
Infrastructure		
Roads	7,187	5,377
Bridges	(19)	880
Footpaths and cycleways	694	467
Drainage	240	458
Water sensitive urban design	4	-
Waste management	2,936	373
Total infrastructure	**11,042**	**7,555**
Total capital works expenditure	**18,040**	**17,643**
Represented by:		
New asset expenditure	4,232	1,060
Asset renewal expenditure	9,732	12,254
Asset expansion expenditure	1,660	2,032
Asset upgrade expenditure	2,416	2,297
Total capital works expenditure	**18,040**	**17,643**

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

OVERVIEW

Introduction

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

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

Significant accounting policies

(a) Basis of accounting

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

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 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of landfill airspace intangible asset (refer to Note 5.2)
- 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 Lease* , 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)
- 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 (except where transitional requirements of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

Note 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 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or $1,000,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* .

1.1 Income and expenditure

	Budget 2020 $'000	Actual 2020 $'000	Variance 2020 $'000	Variance 2020 %	Ref
Income					
Rates and charges	61,397	61,796	399	1%	
Statutory fees and fines	2,835	3,140	305	11%	**1**
User fees	4,518	3,844	(674)	(15%)	**2**
Grants - operating	8,617	8,806	189	2%	
Grants - capital	2,308	3,860	1,552	67%	**3**
Contributions - monetary	305	67	(238)	(78%)	**4**
Contributions - non monetary	-	15,289	15,289	100%	**5**
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	492	(1,128)	(1,620)	(329%)	**6**
Share of net profits of associates and joint ventures	-	122	122	100%	**7**
Other income	1,117	1,311	194	17%	**8**
Total income	81,589	97,107	15,518	19%	
Expenses					
Employee costs	30,205	28,117	2,088	7%	**9**
Materials and services	28,875	27,088	1,787	6%	**10**
Depreciation	14,319	14,812	(493)	(3%)	
Amortisation - Intangible assets	116	728	(612)	(528%)	**11**
Amortisation - Right of use assets	-	100	(100)	(100%)	**12**
Bad and doubtful debts	11	5	6	55%	**13**
Borrowing costs	729	446	283	39%	**14**
Finance costs - Leases	-	11	(11)	(100%)	
Other expenses	4,700	4,988	(288)	(6%)	
Total expenses	78,955	76,295	2,660	3%	
Surplus/(deficit) for the year	2,634	20,812	18,178	690%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Higher than budget fees received for subdivision planning and checking due to increased developer activity throughout the shire, including in Wonthaggi North East.
2	User fees	Largely due to lower fees collected from the Grantville transfer station ($278K) due to lower commercial and industrial waste deposits. In addition to this, lower commission income collected from visitor service centres ($142K), wonthaggi art centre ($25K) and facility hire ($56K) as a result of closures due to the COVID-19 pandemic.

3	Grants - capital	Higher than budgeted capital grants received as a result of increased state funding of $1.8 million for Fixing Country Roads. This funding was allocated towards Loch-Wonthaggi road and Grantville Glen Alvie Road. This variance is partly offset by the receipt of a $325K capital grant for Inverloch Netball Courts in 2018/19 financial year which was originally budget to be received in the 2019/20 financial year.
4	Contributions - monetary	The impact of the new accounting standard AASB15 requires cash contribution amounts to be recognised once the corresponding obligation or expense has occurred. This delay in recognition has resulted in reduced cash contributions recorded against budget in 2019/20.
5	Contributions - non monetary	Non monetary developer contributed assets are received on completion of developments. These are not budgeted for due to uncertainty of timing. During the year Council received non monetary contribtutions of $15,289K from, but not limited to, the following estates; Shoalhaven, Cloverdale, Summerfields, Seagrove and WhyteSands.
6	Net gain (loss) on disposal of property, infrastructure, plant and equipment	The loss on disposal of fixed assets is related to the sale of the Cowes PICAL building at the end of June 2020, which was budgeted to be sold early in the 2020/21 financial year.
7	Share of net profits of associates and joint ventures	Council's share of net profits is dependant upon the performance of West Gippsland Regional Library corporation. This is not budgeted for due to timing of the preparation of Council's budget.
8	Other income	Higher than budget reimbursements received in relation to WorkCover claims ($194K). These WorkCover reimbursements are fully offset in employee expenses.
9	Employee costs	Lower than budget employee expenditure due to a sustained focus on organisational efficiencies.
10	Materials and services	Savings of $400K as a result of moving cleaning services to an in-house model during 2019/20. Lower than budget compaction levy paid ($1million) to contractor as compaction targets were not met during the year. In addition, lower than budget spend on public lighting works ($110K) and lower than budget expediture in legal fees ($240K) experienced during the year.
11	Amortisation - Intangible assets	Amortisation expense has increased by $0.65 million against budget. This is due to a sharp reduction in interest rates experienced during the year, causing an increase in the present value of future landfil rehabilitation expenses which Council expects to incur over the next 30 years.
12	Amortisation - Right of use assets	The impacts of the new accounting standard AASB16 requires lease right of use asset amounts to be recognised on the balance sheet and amortised over their useful life. The impacts of this were not included in the budget. The impacts of this are immaterial.
13	Bad and doubtful debts	Lower than budget write-off of doubtful debts as a result of effective debt collection proceedures.
14	Borrowing costs	Lower than budget finance costs expended during the year is attributable to lower interest rates and a delay in loan drawdowns with cash requirements falling due later in the financial year than originally predicted.

1.2 Capital works

	Budget 2020 $'000	Actual 2020 $'000	Variance $'000	Variance %	Ref
Property					
Land	-	838	838	100%	1
Land improvements	-	3,604	3,604	100%	2
Total land	**-**	**4,442**	**4,442**	**100%**	
Buildings	5,872	1,632	(4,240)	(72%)	3
Total buildings	**5,872**	**1,632**	**(4,240)**	**(72%)**	
Total property	**5,872**	**6,074**	**202**	**3%**	
Plant and equipment					
Art works	-	9	9	100%	4
Plant, machinery and equipment	1,552	555	(997)	(64%)	5
Fixtures, fittings and furniture	-	10	10	100%	6
Computers and telecommunications	368	350	(18)	(5%)	
Total plant and equipment	**1,920**	**924**	**(996)**	**(52%)**	
Infrastructure					
Roads	3,914	7,187	3,273	84%	7
Bridges	84	(19)	(103)	(123%)	8
Footpaths and cycleways	2,008	694	(1,314)	(65%)	9
Drainage	605	240	(365)	(60%)	10
Water sensitive urban design	-	4	4	100%	
Recreational, leisure and community facilities	3,722	-	(3,722)	(100%)	11
Waste management	2,600	2,936	336	13%	12
Off street car parks	144	-	(144)	(100%)	13
Other infrastructure	294	-	(294)	(100%)	14
Total infrastructure	**13,371**	**11,042**	**(2,329)**	**(17%)**	
Total capital works expenditure	**21,163**	**18,040**	**(3,123)**	**(15%)**	
Represented by:					
New asset expenditure	4,663	4,232	(431)	(9%)	
Asset renewal expenditure	11,736	9,732	(2,004)	(17%)	
Asset expansion expenditure	920	1,660	740	80%	
Asset upgrade expenditure	3,844	2,416	(1,428)	(37%)	
Total capital works expenditure	21,163	18,040	(3,123)	(15%)	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Current year unbudgeted expenditure was for the acquisition of PICAL site relocation, resulting from the Cowes Heath Hub expansion. This expenditure was originally budgeted to occur in the 2018/19 financial year.
2	Land Improvements	Expenditure relates to Tennis Court renewals, Regional Skate Park and Playspace projects, budgeted under Recreational, Leisure and Community Facilities.
3	Buildings	Expenditure is lower than budget due to the delay of building works following the unplanned relocation of PICAL.

4	Artworks	Current year expenditure relates to the commencement of Public Place Art project, budgeted under Infrastructure Other.
5	Plant, machinery and equipment	Current year expenditure is lower than budget largely due to completion of remedial works undertaken during the year, resulting in required replacement of major plant being deferred to a future financial year. This provided savings of $730K. In addition, $267K lower than budgeted fleet renewal expenditure due to delays experienced as a result of the COVID-19 pandemic.
6	Fixtures, fittings and furniture	Variance due to unbudgeted expenditure incurred for minor furniture at Inverloch Hub.
7	Roads	Additional works were completed during 2019/20 in response to receiving unbudgeted rural road and emergency works grant funding. This includes funding received for Loch Wonthaggi Road $1.2M, Cowes Rhyll Road $680K and Sheepways Road $500k. In addition, expenditure incurred for Cowes Transit Centre of $860k was originally budget to be spent in the 2018/19 financial year.
8	Bridges	Variance due to completion of unbudgeted operational remedial repair works for Rail Trail bridges deferring the required capital renewal works to future years.
9	Footpaths and cycleways	Current year expenditure is lower than budget due to the timing of works for Surf Parade Inverloch. This project will continue in the 2020/21 financial year.
10	Drainage	Current year expenditure is lower than budget due to timing of works for Bayview Ave, Tenby Point. This project will continue in the 2020/21 financial year.
11	Recreational, leisure and community facilities	Budgeted expenditure relates to Tennis Court renewals, Regional Skate Park and Playspace projects, which are coded to Land improvements in actuals.
12	Waste management	Variance due to higher than budget expenditure for continued works on the development of Cell 7 at the Grantville waste facility.
13	Off street car parks	Works at Inverloch Boat Ramp have been budgeted under off street car parks, and actual costs have been reported within the roads asset class.
14	Other infrastructure	Variance due to the redirection of funding for the Public Art, Bass Coast Entry Signage and Street Decoration projects in order to provide funding for the COVID-19 Business and Community Resilience Grants program. These projects will be continued in future financial years.

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a) Advocacy

Plan and deliver responsive services including the delivery of the Advocacy Strategy objectives and activities related to the Mayor, Councillors, Chief Executive and support.

Economic Development

The Economic Development area supports local businesses to build skills and develop operations in the community. This service is also responsible for developing and promoting tourism in the region including the provision of visitor services and coordinating Council involvement in local festivals and events.

Environment

The Environment service manages Council's waste and collection services with the aim of reducing waste going to landfill. This service helps to maintain and improve the local natural environment by complying with environmental regulations, mitigating and adapting to the effects of climate change and providing environmental education to the community. In addition, it includes the management of coastal and bushland reserves to ensure safe use and conservation of biodiversity.

Governance

Governance provides effective oversight of the organisation through performance reporting, financial management, risk management, information technology, human resources, facility management and customer service. Governance is also responsible for internal engagement and external communications with the community.

Health and Wellbeing

The Health and Wellbeing service includes providing a range of home and community care services for the aged and disabled as well as providing support towards maternal and childrens health, kindergartens and housing support. This service also provides immunisation programs and the monitoring of health compliance within the community.

Liveability

Liveability is responsible for the management of infrastructure activities including design, tender, supervision, preservation, protection, expansion and maintenance of Council assets. In addition the service develops leisure projects, recreational facilities and provides support to library services. Liveability ensures the municipality is prepared for responsibilities surrounding emergency, domestic animal and local law management in order to promote community safety and harmonious community relationships.

Our Character

Our Character is responsible for maintaining open spaces, including parks, gardens, reserves, foreshores and sporting ovals. In addition it holds the responsibility to frame and respond to the challenges of social inclusion and provides support to community development, community grants and youth planning. This service is also responsible for managing the sustainable development and growth activities that develop the character of the municipality. This includes the assessment of building and planning permit applications, planning scheme amendments and ensuring the development across the shire is appropriately planned and controlled.

2 (b) Summary of revenues, expenses, assets and capital expenses by program

2020	Income $'000	Expenses $'000	Surplus/ (Deficit) $'000	Grants included in income $'000	Total assets $'000
Advocacy	1	1,591	(1,590)	-	-
Economic Development	452	2,685	(2,233)	2	69
Environment	3,080	13,264	(10,184)	864	58
Governance	81,457	30,780	50,677	4,513	251,950
Health and Wellbeing	1,951	2,901	(950)	1,160	-
Liveability	7,295	17,099	(9,804)	5,933	533,869
Our Character	3,999	9,103	(5,104)	194	-
Unattributed	-	-	-	-	5,754
	98,235	77,423	20,812	12,666	791,700

2019	Income $'000	Expenses $'000	Surplus/ (Deficit) $'000	Grants included in income $'000	Total assets $'000
Advocacy	2	1,556	(1,554)	-	-
Economic Development	659	2,930	(2,271)	19	71
Environment	2,618	13,515	(10,897)	432	291
Governance	73,305	34,806	38,499	4,460	239,839
Health and Wellbeing	3,380	5,926	(2,546)	2,413	-
Liveability	7,288	20,328	(13,040)	4,870	520,772
Our Character	1,773	7,873	(6,100)	168	-
Unattributed	-	-	-	-	2,988
	89,025	86,934	2,091	12,362	763,961

Note 3 Funding for the delivery of our services	2020	2019
3.1 Rates and charges	**$'000**	**$'000**

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

The valuation base used to calculate general rates for 2019/20 was $15,447 million (2018/19 $13,469 million).

General rates	48,652	46,881
Waste management charge	12,030	10,827
Supplementary rates and rate adjustments	798	574
Interest on rates and charges	280	267
Revenue in lieu of rates	36	33
Total rates and charges	**61,796**	**58,582**

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2019, and the valuation will be first applied in the rating year commencing 1 July 2019.

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

3.2 Statutory fees and fines

Infringements and costs	187	143
Court recoveries	-	6
Town planning fees	1,502	1,107
Land information certificates	88	91
Permits	1,363	1,541
Total statutory fees and fines	**3,140**	**2,888**

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

3.3 User fees

Aged and health services	351	547
Leisure centre and recreation	824	855
Waste management services	2,064	2,109
Other fees and charges	605	1,034
Total user fees	**3,844**	**4,545**
User fees by timing of revenue recognition		
User fees recognised over time	48	64
User fees recognised at a point in time	3,796	4,481
Total user fees	**3,844**	**4,545**

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

3.4 Funding from other levels of government	2020 $'000	2019 $'000
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	8,745	7,419
State funded grants	3,921	4,943
Total grants received	12,666	12,362
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	6,884	5,871
Aged care	307	601
General home care	480	947
Recurrent - State Government		
General home care	70	243
Assessment	202	575
Respite and carers support	63	127
Environment	61	17
Community health	33	14
Community safety	122	182
Other	24	50
Total recurrent operating grants	8,246	8,627
Non-recurrent - Commonwealth Government		
Environment	150	-
Non-recurrent - State Government		
Environment	89	267
Waste management	-	39
Recreation	212	453
Other	109	105
Total non-recurrent operating grants	560	864
Total operating grants	8,806	9,491
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	924	-
Total recurrent capital grants	924	-
Non-recurrent - State Government		
Transport network	2,545	1,061
Recreation	338	1,659
Other	53	151
Total non-recurrent capital grants	2,936	2,871
Total capital grants	3,860	2,871
(c) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	546	1,251
Received during the financial year and remained unspent at balance date	734	421
Received in prior years and spent during the financial year	(416)	(1,126)
Balance at year end	864	546
Capital		
Balance at start of year	474	-
Received during the financial year and remained unspent at balance date	344	474
Received in prior years and spent during the financial year	(291)	-
Balance at year end	527	474

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

3.5 Contributions	2020 $'000	2019 $'000
Monetary	67	1,144
Non-monetary	15,289	7,623
Total contributions	**15,356**	**8,767**
Contributions of non monetary assets were received in relation to the following asset classes.		
Land Improvements	237	71
Roads	8,520	4,294
Infrastructure	6,532	3,258
Total non-monetary contributions	**15,289**	**7,623**

Monetary contributions are recognised when the council satisfies its performance obligations as specified in the underlying agreement.
Non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

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

Proceeds of sale	2,998	616
Written down value of assets disposed	(4,126)	(1,539)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	**(1,128)**	**(923)**

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.
Proceeds on sale of assets receivable at balance date is $2.850 million.

3.7 Other income

Interest	711	1,115
Dividends	2	2
Other rent	122	121
Other	476	505
Total other income	**1,311**	**1,743**

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.

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	22,334	22,049
Annual leave	2,145	2,208
Superannuation	2,322	2,339
Long service leave	564	681
WorkCover	484	554
Fringe benefits tax	132	149
Other	136	2,323
Total employee costs	**28,117**	**30,303**

	2020 $'000	2019 $'000
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	89	143
	89	**143**
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,475	1,562
Employer contributions - other funds	747	630
	2,222	**2,192**
Employer contributions payable at reporting date.	-	101

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

4.2 Materials and services

Contractor payments	10,050	10,443
General maintenance	1,530	1,658
Utilities	854	905
Information technology	1,728	1,502
Insurance	591	559
Consultants	1,297	1,556
Banking and financing fees	126	207
Subscriptions and memberships	185	192
Advertising	172	172
Cost of goods sold	81	102
Legal and debt recovery	343	977
Staff development and recruitment	593	749
Waste management	6,655	6,652
Library	1,848	1,822
Property leases	170	275
Consumables	849	932
Other	16	443
Total materials and services	**27,088**	**29,146**

4.3 Depreciation

Property	2,758	2,683
Plant and equipment	1,218	1,124
Infrastructure	10,836	10,377
Total depreciation	**14,812**	**14,184**

Refer to note 6.2 for a more detailed breakdown of depreciation charges and accounting policy.

4.4 Amortisation - Intangible assets

Landfill airspace	728	5,428
Total Amortisation - Intangible assets	**728**	**5,428**

Refer to notes 5.2 (c) and 6.2 for a more detailed breakdown of amortisation charges and accounting policy.

4.5 Amortisation - Right of use assets

Property	100	-
Total Amortisation - Right of use assets	**100**	**-**

Refer to notes 5.8 and 6.2 for a more detailed breakdown of amortisation charges and accounting policy.

4.6 Bad and doubtful debts	2020 $'000	2019 $'000
Rates debtors	-	13
Other debtors	5	(14)
Total bad and doubtful debts	**5**	**(1)**
Movement in provisions for doubtful debts		
Balance at the beginning of the year	274	342
New provisions recognised during the year	37	80
Amounts already provided for and written off as uncollectible	(5)	(49)
Amounts provided for but recovered during the year	(31)	(99)
Balance at end of year	275	274

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

4.7 Borrowing costs		
Interest - Borrowings	446	622
Total borrowing costs	**446**	**622**

Borrowing costs are recognised as an expense in the period in which they are incurred.

4.8 Finance Costs - Leases		
Interest - Lease Liabilities	11	-
Total finance costs	**11**	**-**

4.9 Other expenses		
Landfill levy	699	668
Land management rebate	610	611
Councillors' allowances	315	309
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	59	57
Auditors' remuneration - Internal	42	81
Fire services levy	85	78
Contributions to other organisations	2,156	3,641
Operating lease rentals	-	7
Refund of unexpended grants	181	-
Financing discount costs	550	847
Fee waivers	250	-
Other	41	30
Total other expenses	**4,988**	**6,329**

Note 5 Our financial position	2020	2019
5.1 Financial assets	$'000	$'000
(a) Cash and cash equivalents		
Cash on hand	7	6
Cash at bank	8,133	4,301
Term deposits	16,800	31,200
Total cash and cash equivalents	**24,940**	**35,507**
(b) Other financial assets		
Term deposits - current	29,200	15,800
Shares in community bank	40	40
Total other financial assets	**29,240**	**15,840**
Total financial assets	**54,180**	**51,347**

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

- Trust funds and deposits (Note 5.3 (b))	7,262	4,283
- Contractually restricted unearned income (Note 5.3 (c))	6,169	-
- Statutory reserves (Note 9.1)	-	3,675
- Contractually restricted reserves (Note 9.1)	96	1,068
Total restricted funds	**13,527**	**9,026**
Total unrestricted cash and cash equivalents	**11,413**	**26,481**

Intended allocations

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

- Cash held to fund carried forward capital works (Note 9.1)	14,483	9,630
- Identified reserves (Note 9.1)	7,127	16,353
- Discretionary reserves (Note 9.1)	24,412	12,826
Total funds subject to intended allocations	**46,022**	**38,809**

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days 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.

(c) Trade and other receivables	2020 $'000	2019 $'000
Current		
Statutory receivables		
Rates debtors	4,009	2,977
Special rate assessment	493	549
Fire services levy debtors	388	259
Net GST receivable	431	725
Non statutory receivables		
Other debtors	2,143	1,952
Proceeds of sale of land pending settlement	2,850	-
Provision for doubtful debts - other debtors	(275)	(274)
Total current trade and other receivables	**10,039**	**6,188**
Total trade and other receivables	**10,039**	**6,188**

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

(d) Ageing of Receivables

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

Current (not yet due)	4,526	1,219
Past due by up to 30 days	35	37
Past due between 31 and 180 days	57	413
Past due between 181 and 365 days	121	62
Past due by more than 1 year	254	221
Total trade and other receivables (excluding statutory receivables)	**4,993**	**1,952**

(e) Ageing of individually impaired Receivables

At balance date, non statutory receivables representing financial assets with a nominal value of $275K (2019: $274K) were impaired. The amount of the provision raised against these debtors was $275K (2019: $274K). 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)	1	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	61	79
Past due by more than 1 year	213	195
Total trade and other receivables	**275**	**274**

5.2 Non-financial assets	2020 $'000	2019 $'000
(a) Inventories		
Inventories held for distribution	69	71
Total inventories	**69**	**71**

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	965	1,157
Accrued income	73	152
Total other assets	**1,038**	**1,309**

(c) Intangible assets		
Landfill air space	58	291
Total intangible assets	**58**	**291**

Gross carrying amount		
Balance at 1 July 2019	2,748	1,213
Reestimation of gross carrying amount	495	5,322
Revaluation of asset due to change in cost estimates	(493)	(3,787)
Balance at 30 June 2020	**2,750**	**2,748**
Accumulated amortisation and impairment		
Balance at the beginning of the year	2,457	816
Amortisation expense	728	5,428
Revaluation of asset due to change in cost estimates	(493)	(3,787)
Balance at 30 June 2020	**2,692**	**2,457**
Net book value at 30 June 2020	**58**	**291**

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

5.3 Payables	2020 $'000	2019 $'000
(a) Trade and other payables		
Trade payables	3,466	5,958
Accrued expenses	1,223	921
Prepaid income	-	94
Total trade and other payables	**4,689**	**6,973**
(b) Trust funds and deposits		
Retention amounts	18	16
Monies held in trust	730	646
Fire services levy	740	605
Refundable deposits	5,774	3,016
Total trust funds and deposits	**7,262**	**4,283**

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

Purpose and nature of items

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

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

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

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

(c) Unearned income		
Grants received in advance - operating	752	-
Grants received in advance - capital	639	-
Contributions - monetary	4,416	-
User fees	353	-
Other income	9	-
Total unearned income	**6,169**	**-**

Amounts received by Council are classified as unearned income where funds are received for a specified purpose and where the specified purpose or obligation has not yet been fulfilled. Once the obligation has been fulfilled by Council, the associated income will be presented in the income statement. This requirement is set in AASB15 - Revenue Recognition. Further detail on unearned income balances are shown in the table below.

Unearned income	Recorded at transition	Income received during the year	Income recognised during the year	Unearned income at 30 June 20
	$'000	$'000	$'000	$'000
Capital Lease Commitment Contributions	203	71	(32)	242
Car Parking Contributions	33	-	-	33
Developer Contributions	552	1,405	(9)	1,948
Drainage Contributions	8	-	-	8
Native Vegetation Offset Schemes	132	124	(24)	232
Non Standard Street Lighting Contributions	176	17	-	193
Resort & Recreation Contributions	2,435	427	(897)	1,965
Other income, contributions, grants and fees	899	20,966	(20,317)	1,548
Total	**4,438**	**23,010**	**(21,279)**	**6,169**

Purpose and nature of items

Capital Lease Commitment Contributions - where council receives lease income which includes a capital contribution obligation, the capital contribution is held until spent on related capital works.

Car Parking Contributions- Specific developer contributions received for future works on car parking.

Developer Contributions - Funds provided by developers for future projects in accordance with planning agreements.

Drainage Contributions - Specific developer contributions received in accordance with planning agreements for future drainage works.

Native Vegetation Offset Schemes - Funds sourced from certified Native Vegetation Offset Schemes and utilised to fund ongoing maintenance of Offset Reserves.

Non Standard Street Lighting Contributions - Developer contributions received in accordance with planning agreements for future installation of non-standard lighting.

Resort & Recreation - Specific developer contributions to be used for the development of recreational reserves and public open space.

Other income, contributions, grants and fees - Grants, contributions, user fees or other income received where associated obligations have not yet been met.

5.4 Interest-bearing liabilities	2020 $'000	2019 $'000
Current		
Borrowings - secured	12,501	14,196
Total current interest-bearing liabilities	**12,501**	**14,196**
Non-current		
Borrowings - secured	3,015	3,654
Total non-current interest-bearing liabilities	**3,015**	**3,654**
Total interest-bearing liabilities	**15,516**	**17,850**

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

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

Not later than one year	12,501	14,196
Later than one year and not later than five years	369	1,008
Later than five years	2,646	2,646
Total borrowings	**15,516**	**17,850**

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

5.5 Provisions

2020	Employee $ '000	Landfill restoration $ '000	Total $ '000
Balance at beginning of the financial year	9,902	9,288	19,190
Additional provisions	3,081	496	3,577
Amounts used	(5,792)	(171)	(5,963)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	85	549	634
Balance at the end of the financial year	**7,276**	**10,162**	**17,438**
2019			
Balance at beginning of the financial year	7,859	3,186	11,045
Additional provisions	5,519	5,322	10,841
Amounts used	(3,553)	(67)	(3,620)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	77	847	924
Balance at the end of the financial year	**9,902**	**9,288**	**19,190**

	2020 $'000	2019 $'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,864	1,891
Long service leave	618	1,440
Termination benefits	-	2,014
Leave in lieu	285	251
Total current provisions expected to be wholly settled within 12 months	**2,767**	**5,596**
Current provisions expected to be wholly settled after 12 months		
Annual leave	591	540
Long service leave	2,752	2,618
Total current provisions expected to be wholly settled after 12 months	**3,343**	**3,158**
Total current employee provisions	**6,110**	**8,754**
Non-current		
Long service leave	1,166	1,148
Total non-current employee provisions	**1,166**	**1,148**
Aggregate carrying amount of employee provisions:		
Current	6,110	8,754
Non-current	1,166	1,148
Total aggregate carrying amount of employee provisions	**7,276**	**9,902**

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

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

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. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. 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.

Key assumptions:	2020	2019
- discount rate	0.24 - 0.87	0.95 - 1.32
- index rate	1.8 - 3.5	1.8 - 3.5
- average settlement period	2.9 years	2.5 years

(b) Landfill restoration	**$'000**	**$'000**
Current	167	1,271
Non-current	9,995	8,017
Total landfill restoration provision	**10,162**	**9,288**

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.

Key assumptions:	2020	2019
- discount rate (%)	0.24 - 0.98	1.04 - 1.40
- inflation rate (%)	1.75 - 2.50	2.00 - 2.50
- estimated cost to rehabilitate ($'000)	8,298	7,713
- average settlement period	14.4 years	14.1 years

5.6 Financing arrangements	**2020 $'000**	**2019 $'000**
The Council has the following funding arrangements in place		
Bank overdraft	1,000	1,000
Credit card facilities	520	400
Total facilities	**1,520**	**1,400**
Used facilities	24	78
Unused facilities	1,496	1,322
Total facilities	**1,520**	**1,400**

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.

2020	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Operating					
Garbage & recycling collection	7,604	7,232	21,606	7,202	43,644
Software licencing	881	-	-	-	881
Leisure centre management	973	-	-	-	973
Consultancies	218	-	-	-	218
Other	263	141	35	-	439
Total operating commitments	**9,939**	**7,373**	**21,641**	**7,202**	**46,155**
Capital					
Buildings	1,861	648	-	-	2,509
Drainage	109	-	-	-	109
Land Improvements	589	-	-	-	589
Total capital commitments	**2,559**	**648**	**-**	**-**	**3,207**
Total commitments	**12,498**	**8,021**	**21,641**	**7,202**	**49,362**

2019	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Operating					
Garbage & recycling collection	6,650	6,983	28,608	9,287	51,528
Software licencing	961	777	-	-	1,738
Leisure centre management	851	-	-	-	851
Cleaning contracts for council buildings	82	-	-	-	82
Consultancies	48	45	-	-	93
Electricity supply	665	405	-	-	1,070
Other	19	14	14	-	47
Total operating commitments	**9,276**	**8,224**	**28,622**	**9,287**	**55,409**
Capital					
Buildings	1,019	1,161	-	-	2,180
Land Improvements	272	-	-	-	272
Waste Management	476	-	-	-	476
Total capital commitments	**1,767**	**1,161**	**-**	**-**	**2,928**
Total commitments	**11,043**	**9,385**	**28,622**	**9,287**	**58,337**

5.8 Leases

Policy applicable before 1 July 2019

As a lessee, Council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight - line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 July 2019

Council has applied *AASB 16 Leases* using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to *AASB 16 Leases* , Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied *AASB 16 Leases* only to contracts that were previously identified as leases.

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

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

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.
As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate. Council's incremental borrowing rate at 30 June 2020 is 2.07%.

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.

Right-of-Use Assets	Property **$'000**	Total **$'000**
Balance at 1 July 2019	-	-
Recorded on transition	79	79
Additions	1,339	1,339
Amortisation charge	(100)	(100)
Balance at 30 June 2020	**1,318**	**1,318**

Lease Liabilities	**2020**
Maturity analysis - contractual undiscounted cash flows	**$'000**
Less than one year	233
One to five years	859
More than five years	342
Total undiscounted lease liabilities as at 30 June:	**1,434**
Lease liabilities included in the Balance Sheet at 30 June:	
Current	208
Non-current	1,115
Total lease liabilities	**1,323**

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.

i. Leases classified as operating leases under *AASB 117 Leases*
At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Short-term and low value leases(continued)

Council used the following practical expedients when applying *AASB 16 Leases* to leases previously classified as operating leases under *AASB 117 Leases* .

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under *AASB 117 Leases* , the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under *AASB 117 Leases* immediately before that date.

Council is not required to make any adjustments on transition to *AASB 16 Leases* for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with *AASB 16 Leases* from the date of initial application.

Impact on financial statements

On transition to *AASB 16 Leases* , Council recognised an additional $79K of right-of-use assets and $79K of lease liabilities.
When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 3.4%.

	2019
	$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	425
Discounted using the incremental borrowing rate at 1 July 2019	(39)
Finance lease liability recognised as at 30 June 2019	**386**
- Recognition exemption for:	
short-term leases	(293)
leases of low-value assets	(14)
Lease liabilities recognised as at 1 July 2019	**79**

Note 6 Assets we manage

6.1 Non-current assets classified as held for sale

	2020 $'000	2019 $'000
Land - specialised transferred from property (refer Note 6.2)	-	3
Land - non-specialised transferred from property (refer Note 6.2)	-	2,091
Total non current assets classified as held for sale	**-**	**2,094**

Non-current assets classified as held for sale (including disposal groups) are measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2019	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At Fair Value 30 June 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property	236,824	-	237	5,470	(2,758)	(1,130)	-	6,526	245,169
Plant and equipment	9,683	-	-	-	(1,218)	(151)	-	1,062	9,376
Infrastructure	439,077	-	15,052	175	(10,836)	(747)	-	5,183	447,904
Work in progress	15,476	18,436	-	-	-	-	(396)	(12,771)	20,745
	701,060	**18,436**	**15,289**	**5,645**	**(14,812)**	**(2,028)**	**(396)**	**-**	**723,194**

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	$'000	$'000	$'000	$'000	$'000
Property	7,176	7,618	(146)	(6,526)	8,122
Plant and equipment	209	947	(19)	(1,062)	75
Infrastructure	8,091	9,871	(231)	(5,183)	12,548
Total	**15,476**	**18,436**	**(396)**	**(12,771)**	**20,745**

(a) Property

	Land - specialised	Land - non specialised	Land under roads	Land improvements	Total land & land improvement	Buildings - specialised	Total buildings	Work in progress	Total property
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2019	131,323	2,609	19,035	37,672	**190,639**	85,393	**85,393**	7,176	**283,208**
Accumulated depreciation at 1 July 2019	-	-	-	(13,328)	**(13,328)**	(25,880)	**(25,880)**	-	**(39,208)**
	131,323	2,609	19,035	24,344	**177,311**	59,513	**59,513**	7,176	**244,000**
Movements in fair value									
Additions	-	-	-	-	**-**	-	**-**	7,618	**7,618**
Contributions	-	-	-	237	**237**	-	**-**	-	**237**
Revaluation	5,317	103	-	50	**5,470**	-	**-**	-	**5,470**
Disposal	(649)	-	-	(405)	**(1,054)**	(472)	**(472)**	-	**(1,526)**
Write-off	-	-	-	-	**-**	-	**-**	(146)	**(146)**
Transfers	2,400	-	-	1,501	**3,901**	2,625	**2,625**	(6,526)	**-**
	7,068	103	-	1,383	**8,554**	2,153	**2,153**	946	**11,653**
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	(1,350)	**(1,350)**	(1,408)	**(1,408)**	-	**(2,758)**
Accumulated depreciation of disposals	-	-	-	192	**192**	204	**204**	-	**396**
	-	-	-	(1,158)	**(1,158)**	(1,204)	**(1,204)**	-	**(2,362)**
At fair value 30 June 2020	138,391	2,712	19,035	39,055	**199,193**	87,546	**87,546**	8,122	**294,861**
Accumulated depreciation at 30 June 2020	-	-	-	(14,486)	**(14,486)**	(27,084)	**(27,084)**	-	**(41,570)**
Total property	**138,391**	**2,712**	**19,035**	**24,569**	**184,707**	**60,462**	**60,462**	**8,122**	**253,291**

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Art works	Work in progress	Total plant and equipment
	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2019	11,375	1,470	1,369	3,884	209	**18,307**
Accumulated depreciation at 1 July 2019	(4,975)	(1,352)	(1,095)	(993)	-	**(8,415)**
	6,400	118	274	2,891	209	**9,892**
Movements in fair value						
Additions	-	-	-	-	947	**947**
Disposal	(1,279)	-	-	-	-	**(1,279)**
Write-off	-	-	-	-	(19)	**(19)**
Transfers	618	10	384	50	(1,062)	**-**
	(661)	10	384	50	(134)	**(351)**
Movements in accumulated depreciation						
Depreciation and amortisation	(947)	(37)	(188)	(46)	-	**(1,218)**
Accumulated depreciation of disposals	1,128	-	-	-	-	**1,128**
	181	(37)	(188)	(46)	-	**(90)**
At fair value 30 June 2020	10,714	1,480	1,753	3,934	75	**17,956**
Accumulated depreciation at 30 June 2020	(4,794)	(1,389)	(1,283)	(1,039)	-	**(8,505)**
	5,920	91	470	2,895	75	**9,451**

(c) Infrastructure

	Roads	Pathways, cycleways and trails	Bridges	Drainage	Waste management	Water sensitive urban design	Work in progress	Total infrastructure
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2019	351,602	36,258	42,270	95,966	4,523	7,539	8,091	**546,249**
Accumulated depreciation at 1 July 2019	(57,248)	(8,445)	(12,825)	(16,649)	(2,191)	(1,723)	-	**(99,081)**
	294,354	27,813	29,445	79,317	2,332	5,816	8,091	**447,168**
Movements in fair value								
Additions	-	-	-	-	-	-	9,871	**9,871**
Contributions	8,520	2,143	43	4,346	-	-	-	**15,052**
Revaluation	112	(17)	(498)	285	-	-	-	**(118)**
Disposal	(672)	(120)	(31)	(85)	-	-	-	**(908)**
Write-off	-	-	-	-	-	-	(231)	**(231)**
Transfers	3,478	364	897	444	-	-	(5,183)	**-**
	11,438	2,370	411	4,990	-	-	4,457	**23,666**
Movements in accumulated depreciation								
Depreciation and amortisation	(7,969)	(722)	(497)	(1,031)	(420)	(197)	-	**(10,836)**
Accumulated depreciation of revaluations	(286)	7	577	(5)	-	-	-	**293**
Accumulated depreciation of disposals	113	34	-	14	-	-	-	**161**
	(8,142)	(681)	80	(1,022)	(420)	(197)	-	**(10,382)**
At fair value 30 June 2020	363,040	38,628	42,681	100,956	4,523	7,539	12,548	**569,915**
Accumulated depreciation at 30 June 2020	(65,390)	(9,126)	(12,745)	(17,671)	(2,611)	(1,920)	-	**(109,463)**
	297,650	**29,502**	**29,936**	**83,285**	**1,912**	**5,619**	**12,548**	**460,452**

Acquisition

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

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

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

Asset recognition thresholds and depreciation periods	**Depreciation period**	**Threshold limit**
	Years	**$'000**
Land & land improvements		
Land	-	-
Land under roads	-	-
Land improvements	15 - 180	5
Buildings		
Buildings (long and short life components)	10 - 200	10
Plant and Equipment		
Plant, machinery and equipment	5 - 10	10
Fixtures, fittings and furniture	3 - 10	5
Computers and telecommunications	3 - 10	5
Art works	20 - 100	5
Infrastructure		
Roads - seals, pavements and substructure	12 - 160	10
Roads - formation and earthworks	Indefinite	10
Roads - kerb, channel and other	80	10
Bridges - deck and substructure	50 - 100	10
Bridges - others	50 - 100	10
Pathways, cycleways & trails	15 - 60	1 - 3
Drainage	25 - 100	1 - 5
Waste management	7 - 15	10
Water sensitive urban design	25 - 200	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

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Valuation of land and buildings

The valuation of land 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.

The last valuation of land was undertaken by a qualified independent valuer, R. Anthony AAPI (valuer registration no. 1432) at 30 June 2013. An indexed based revaluation of land was conducted as at 30 June 2020. This valuation was based on the compounded impact of the movement in the land indices published by the Valuer-General Victoria since the last indexed revaluation undertaken in 2019. A review of land value indice movements over the last year has confirmed that the valuation as at 30 June 2020 materially reflects the fair value of this land.

Valuation of Land Improvements has been determined in accordance with an independent valuation undertaken by Assetic Pty Ltd at 31 October 2017.

The last valuation of buildings was undertaken by qualified independent valuers, L. Black AAPI (registered valuer no. 2913) and D. Griggs AAPI (registered valuer no. 3204) at 30 June 2017. The valuation was amended in October 2017 to reflect new buildings and updated condition assessments as at 30 June 2017 due to works conducted between the valuer's site visit and 30 June 2017. The valuation of buildings is at fair value, being the price that would be received to sell an asset in an orderly transaction between market participants.

The date of the current valuation is detailed in the following table. An indexed based revaluation was conducted in the current year, this valuation was based on land indices published by the Valuer-General-Victoria, a desktop revaluation of these assets was conducted in 2019/20 and has confirmed that the valuation as at 30 June 2020 materially reflects the fair value of buildings.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land - specialised	-	-	138,391	06/2020
Land - non specialised	-	2,712	-	06/2020
Land under roads	-	-	19,035	06/2013
Land improvements	-	-	24,569	10/2017
Buildings - specialised	-	-	60,462	06/2017
Total	-	2,712	242,457	

Valuation of plant and equipment

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

Details of the Council's plant and equipment and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Plant machinery and equipment	-	-	5,920	-
Fixtures fittings and furniture	-	-	91	-
Computers and telecomms	-	-	470	-
Art works	-	-	2,895	10/2017
Total	-	-	9,376	

Valuation of infrastructure

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

Valuation of pathways, cycleways and trails has been determined in accordance with an independent valuation undertaken by Assetic Pty Ltd at 1 July 2017.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	297,650	07/2018
Pathways, cycleways and trails	-	-	29,502	07/2017
Bridges	-	-	29,936	06/2015
Drainage	-	-	83,285	06/2015
Waste management	-	-	1,912	06/2015
Water sensitive urban design	-	-	5,619	06/2015
Total	-	-	447,904	

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 $869 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis and ranges from $200 to $8,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of 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 depreciated 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 an indefinite number of years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2020	2019
Reconciliation of specialised land	**$'000**	**$'000**
Land under roads	19,035	19,035
Parks and reserves	84,498	80,942
Community facilities	18,545	18,462
Car parks	14,934	13,775
Civic centres	10,074	9,736
Caravan parks	6,899	6,625
Transfer stations and landfill sites	3,441	1,785
Total specialised land	**157,426**	**150,360**
Reconciliation of non specialised land		
Residential zoned land	1,827	1,750
Commercial zoned land	885	859
Total non specialised land	**2,712**	**2,609**

6.3 Investments in associates, joint arrangements and subsidiaries	2020 $'000	2019 $'000
(a) Investments in associates		
- West Gippsland Regional Library Corporation	1,804	1,601

West Gippsland Regional Library Corporation

Background

The Council has a 35.74% interest in the West Gippsland Regional Library Corporation, which operates a library service for a number of municipalities.

Fair value of Council's investment in West Gippsland Regional Library Corporation	1,804	1,601
Council's share of accumulated surplus		
Council's share of accumulated surplus at start of year	1,192	1,127
Reported surplus for year	134	141
Change in proportion of equity (based on agreement)	75	(76)
Council's share of accumulated surplus at end of year	**1,401**	**1,192**
Council's share of reserves		
Council's share of reserves at start of year	409	336
Transfers (to) from reserves	(85)	181
Increase in Asset Revaluation reserve	82	-
Change in proportion of reserves (based on agreement)	(3)	(108)
Council's share of reserves at end of year	**403**	**409**
Movement in carrying value of specific investment		
Carrying value of investment at start of year	1,601	1,463
Share of surplus for year	134	141
Share of transfers (to) from other reserves	(85)	181
Change in proportion of equity	73	(184)
Share of asset revaluation	82	-
Carrying value of investment at end of year	**1,804**	**1,601**
Council's share of expenditure commitments		
Operating commitments	8	9
Capital commitments	-	-
Council's share of expenditure commitments	**8**	**9**

At balance date, there were no contingent liabilities and contingent assets (2019:$nil).

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

Committees of management

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

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Bass Coast Shire Council

Associates

West Gippsland Regional Library Corporation

Subsidiaries

Wonthaggi Cemetery Trust

San Remo Cemetery Trust

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

(b) Key Management Personnel

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

Councillors	Councillor Brett Tessari (Mayor)
	Councillor Pamela Rothfield
	Councillor Bruce Kent
	Councillor Clare Le Serve
	Councillor Geoff Ellis
	Councillor Julian Brown
	Councillor Les Larke
	Councillor Michael Whelan
	Councillor Stephen Fullarton
Executive Team	Chief Executive Officer
	General Manager Corporate and Community (1 July - 2 September 2019)
	General Manager Advocacy, Economy and Liveability (1 July - 2 September 2019)
	General Manager Infrastructure and Environment (1 July - 2 September 2019)
	Executive Manager, Finance (1 July - 2 September 2019)
	General Manager Resilient Communities (2 September 2019 - 30 June 2020)
	General Manager Business Transformation (2 September 2019 - 30 June 2020)
	General Manager Place Making (2 September 2019 - 30 June 2020)
	Executive Manager Partnerships, Advocacy and Economy (2 September 2019 - 30 June 2020)
	Chief Financial Officer (2 September 2019 - 30 June 2020)

	2020 No.	2019 No.
Total Number of Councillors	9	9
Total of Chief Executive Officer and other Key Management Personnel	7	8
Total Number of Key Management Personnel	16	17

The total Key Management Personnel above are not full time equivalent employees but are the number of people that have been in a key management position during the period. The full time equivalent (FTE) of the Chief Executive Officer and other Key Management Personnel at 30 June 2020 was 6.0 FTE (30 June 2019 4.8 FTE).

(c) Remuneration of Key Management Personnel	2020 $'000	2019 $'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,673	1,721
Long-term benefits	41	32
Post employment benefits	110	94
Termination benefits	-	244
Total	1,824	2,091

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	2020 No.	2019 No.
$20,000 - $29,999	8	8
$50,000 - $59,999	1	2
$60,000 - $69,999	-	1
$80,000 - $89,999	1	-
$130,000 - $139,999	1	2
$180,000 - $189,999	1	-
$190,000 - $199,999	1	-
$240,000 - $249,999	2	-
$260,000 - $269,999	-	1
$280,000 - $289,999	-	1
$290,000 - $299,999	-	1
$310,000 - $319,999	1	1
	16	17

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:
a) has management responsibilities and reports directly to the Chief Executive; or
b) whose total annual remuneration exceeds $151,000

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

Income Range:	2020 No.	2019 No.
$151,000 - $159,999	5	2
$160,000 - $169,999	6	1
$170,000 - $179,999	2	2
$180,000 - $189,999	1	2
$190,000 - $199,999	1	1
	15	**8**

Total Number of Senior Officers
The total Senior Officers above are not full time equivalent employees but are the number of people that have been in a senior officer position during the period. The full time equivalent (FTE) of senior officers at 30 June 2020 was 10.0 FTE (30 June 2019 7.0 FTE).

	2020 $'000	2019 $'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	1,396	1,397

7.2 Related party disclosure

(a) Transactions with related parties

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

		2020 $'000	2019 $'000
Rent paid	*Councillor Julian Brown*	262	283
Library contributions	*West Gippsland Regional Library Corporation*	1,848	1,822
Total transactions with related parties		**2,110**	**2,105**

The rent is for commercial property with a lease term of 7 years. The arrangement is on normal commercial terms.

The library contribution is made to the West Gippsland Regional Library Corporation to operate the library service for a number of municipalities. Further details of this arrangement are provided in Note 6.3.

(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 (2019: $nil).

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

Rent	1,505	258
Total commitments to related parties	**1,505**	**258**

The discounted value of this commitment is included as a lease liability in note 5.8.

Note 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 liabilities

Superannuation

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

Future superannuation contributions

In addition to the disclosed contributions, Bass Coast Shire Council has not paid any unfunded liability payments to Vision Super during the 2019/20 year (2018/19 $Nil). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 are $109K.

Landfill

Council operates a landfill site, and has provided for the potential obligation to carry out site rehabilitation works in the future as outlined in Note 5.5.

Council also has a number of closed landfill sites and will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works for these closed sites.

Legal matters

Council is presently involved in confidential legal matters, currently being conducted through Council's solicitors. As this is yet to be finalised, and the financial outcome is unable to be reliably estimated, no allowance for any contingency has been made in the financial report.

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.

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 is a participant of the MAV WorkCare Scheme. The MAV WorkCare scheme provides workers compensation insurance. The MAV WorkCare 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.

(c) Guarantees for loans to other entities	2020 $'000	2019 $'000
Department of Sustainability and Environment	5	5
Phillip Island Nature Parks	350	350
Environmental Protection Agency	811	811

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

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

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

· recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;

· reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;

· initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in *AASB 13 Fair Value Measurement* . Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with *AASB 116 Property, Plant and Equipment* or *AASB 138 Intangible Assets* , as appropriate, except as specified AASB 1059;

·recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and

·disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

The Standard principally amends *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* . The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk. 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 1989* . Council manages interest rate risk by adopting an investment policy that ensures:

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

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

Interest rate movements have been significant during the year and has adversely impacted Council's interest revenue by $120,000 against budget. This has been partly offset by savings found through the drawdown of low-rate borrowings during the year. Interest rate movements therefore had an overall immaterial impact on the Council's year end result.

(c) Credit risk

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

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

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

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

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

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

(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 -0.25% in market interest rates (AUD) from year-end rates of 0.25%.

While 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 $100,000 on the results of Council's operations.

8.4 Fair value measurement

Fair value hierarchy

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land (excluding land under roads last revalued in 2013), buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

Impairment of assets

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

8.5 Events occurring after balance date

On 30 January 2020, COVID 19 was declared as a global pandemic by world health organisation. Since then, various measures are taken by all three levels of Government in Australia to reduce the spread of COVID-19. Following 30 June 2020, further ongoing restrictions have been applied across Victoria. As a result, the Wonthaggi Art Centre and Council's Visitor Information Centres located in Cowes, Inverloch, Grantville, Newhaven and Wonthaggi remain closed. Net financial impacts of these closures are not expected to be material to Council's operating result. Staff from these sites have been deployed to alternate services and the reduction in commission revenue and merchandise sales received is offset by a reduction in operating expenditure experienced through the closure of these sites. In response to the COVID 19 pandemic, Council resolved to issue $700,000 of community and business grants, which was distributed to the community in July 2020. Council's financial statements have been prepared on an ongoing concern basis.

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserves	Balance at beginning of reporting period $'000	Increment (decrement) $'000	Balance at end of reporting period $'000
2020			
Property			
Land	117,187	5,420	122,607
Land under roads	3,209	-	3,209
Land improvements	11,050	51	11,101
Buildings	46,560	-	46,560
	178,006	5,471	183,477
Plant and equipment			
Artworks	2,288	-	2,288
	2,288	-	2,288
Infrastructure			
Infrastructure	240,866	175	241,041
Library	209	82	291
	241,075	257	241,332
Total asset revaluation reserves	**421,369**	**5,728**	**427,097**
2019			
Land	101,625	15,562	117,187
Land under roads	3,209	-	3,209
Land improvements	10,977	73	11,050
Buildings	46,560	-	46,560
	162,371	15,635	178,006
Plant and equipment			
Artworks	2,288	-	2,288
	2,288	-	2,288
Infrastructure			
Infrastructure	179,505	61,361	240,866
Library	209	-	209
	179,714	61,361	241,075
Total asset revaluation reserves	**344,373**	**76,996**	**421,369**

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

	Balance at beginning of reporting period $'000	Transfer from accumulated surplus $'000	Transfer to accumulated surplus $'000	Balance at end of reporting period $'000
(b) Other reserves				
2020				
Statutory reserves				
Car parking reserve	33	-	(33)	-
Resort and recreation reserve	3,642	-	(3,642)	-
	3,675	-	(3,675)	-
Contractually restricted reserves				
Capital lease commitments	203	-	(203)	-
Native vegetation offset reserve	132	-	(132)	-
Wonthaggi North East developer contributions	301	-	(301)	-
Specific development contributions	251	-	(251)	-
Share of associate's reserves (see note 6.3)	181	-	(85)	96
	1,068	-	(972)	96
Identified reserves				
Constrained works (carry forward)	9,630	14,483	(9,630)	14,483
Drainage reserve	8	-	(8)	-
Future sustainability fund	100	100	-	200
Landfill rehabilitation	4,903	700	-	5,603
LGFV sinking fund	7,988	265	(6,929)	1,324
Long service leave	3,178	-	(3,178)	-
Non-standard street lighting reserve	176	-	(176)	-
	25,983	15,548	(19,921)	21,610
Discretionary reserves				
Art in public places	87	50	(9)	128
Highball development	479	-	(479)	-
Skate park	338	135	(65)	408
Strategic works	2,778	12,802	(1,119)	14,461
VGC grant received in advance	3,005	3,562	(3,005)	3,562
Resort & Recreation Interest Reserve	-	1,267	-	1,267
Unallocated surplus	6,139	2,540	(4,093)	4,586
	12,826	20,356	(8,770)	24,412
Total Other reserves	**43,552**	**35,904**	**(33,338)**	**46,118**
2019				
Statutory reserves				
Car parking reserve	54	-	(21)	33
Resort and recreation reserve	3,340	423	(121)	3,642
	3,394	423	(142)	3,675
Contractually restricted reserves				
Capital lease commitments	649	106	(552)	203
Native vegetation offset reserve	87	75	(30)	132
Wonthaggi North East developer contributions	-	301	-	301
Specific development contributions	686	41	(476)	251
Share of associate's reserves (see note 6.3)	-	181	-	181
	1,422	704	(1,058)	1,068
Identified reserves				
Constrained works (carry forward)	9,899	9,630	(9,899)	9,630
Drainage reserve	8	-	-	8
Future sustainability fund	669	100	(669)	100
Landfill rehabilitation	4,703	200	-	4,903
LGFV sinking fund	5,513	2,957	(482)	7,988
Long service leave	4,948	-	(1,770)	3,178
Non-standard street lighting reserve	170	6	-	176
	25,910	12,893	(12,820)	25,983
Discretionary reserves				
Art in public places	87	50	(50)	87
Highball development	2,400	-	(1,921)	479
Skate park	-	338	-	338
Strategic works	2,912	-	(134)	2,778
VGC grant received in advance	3,174	3,005	(3,174)	3,005
Uniting Grant - Bass Valley Childrens Centre	124	-	(124)	-
Unallocated surplus	2,664	3,475	-	6,139
	11,361	6,868	(5,403)	12,826
Total Other reserves	**42,087**	**20,888**	**(19,423)**	**43,552**

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.

As a result of changes to accounting standard AASB15, which now requires recognition of income to take place only once all associated obligations are fulfilled, a number of statutory and contractually restricted reserves have been reduced to $Nil. At 1 July 2019, the balance of these reserves were reversed against opening accumulated surplus, in line with AASB15. The balance of the income received in prior years was then moved to the balance sheet as "Unearned Income'. The balance of this liability will be reduced once the obligations associated with the income streams are met. Further information including the value of Councils Unearned Income is shown in Note 5.3(c).

Art in Public Places	Provision for funds to be allocated to the development and installation of major public art installations across the municipality.
Capital Lease Commitments	Where Council has leases that include a capital contribution obligation this reserve is to retain the annual allocation towards that contribution less any payments made.
Car Parking	Statutory reserve to be used for the development of car parking from specific developer contributions.
Constrained Works (Carry Forward)	This reserve is to recognise the funds allocated and received in prior financial periods that are committed to unfinished projects.
Drainage	Developer contributions towards drainage as part of planning agreements.
Future Sustainability Fund	These funds are to ensure allocations for specific future expenditures and where they aid in the future financial sustainability of the Bass Coast Shire.
Highball Development	These funds have been set aside the fund the future Highball development at the Wonthaggi Senior Secondary College.
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.
Long Service Leave	The purpose of this reserve is to ensure that the nominal long service leave balances owing to employees are fully funded and maintained.
Native Vegetation Offset	Funds sourced from certified Native Vegetation Offset Schemes and utilised to fund ongoing maintenance of Offset Reserves.
Non-standard Street Lighting	Developer contributions towards non-standard lighting installed and collected as part of planning agreements towards non-standard light renewal.
Resort & Recreation	Statutory reserve to be used for the development of recreational reserves and public open space, sourced form specific developer contributions.
Resort & Recreation Interest Reserve	Discresionary reserve to hold funds which are allocated for development of future resort and recreational projects.
Share of associates reserves	These funds are Council's share of other reserves maintained by associates. See Note 6.3 for further detail.
Skate Parks	These funds have been set aside via council resolution for future works on municipal skate park facilities.
Specific Development Contributions	To capture funds provided by developers for future specific projects in accordance with planning agreements.
Strategic Works	These funds are intended for strategic works and acquisitions of new or expanded assets that are of an intergenerational nature.
Unallocated Surplus	These funds are the funds that remain unallocated at the year end.
Uniting Grant - Bass Valley Childrens Centre	Grant received from Uniting for the purpose of funding operations and fit out costs at the Bass Valley Childrens Centre
VGC Grant Received in Advance	Victorian Grants Commission fundin in relation to the next financial year paid in advance.
Wonthaggi North East developer contributions	To capture funds provided by developers for future specific projects in accordance with planning agreements.

9.2 Reconciliation of cash flows from operating activities to surplus	2020 $'000	2019 $'000
Surplus for the year	20,812	2,091
Depreciation / amortisation	15,640	19,612
Share of profits in associates	(122)	(138)
Loss on disposal of property, infrastructure, plant and equipment	1,128	923
Contributions - Non-monetary assets	(15,289)	(7,623)
Borrowing costs	446	622
Finance costs - leases	11	-
Change in assets and liabilities:		
Increase in trade and other receivables	(1,001)	(682)
Decrease / increase in inventories	2	(4)
(Increase) / decrease in prepayments	192	(135)
Decrease / (increase) in accrued income	79	(57)
Increase in intangible assets	(495)	(5,322)
(Decrease) / increase in trade and other payables	(2,284)	2,002
Increase in unearned income	6,169	-
Increase in trust funds and deposits	2,979	485
(Decrease) / increase in provisions	(1,752)	8,145
Decrease in accumulated surplus on transition to accounting standard change - AASB 15 Revenue	(2,902)	-
Net cash provided by operating activities	**23,613**	**19,919**

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 categories receive 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 2020, this was 9.5% as required under Superannuation Guarantee (SG) legislation).

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.

A triennial actuarial review is currently underway for the Defined Benefit category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 107.1% as at 30 June 2019 (30 June 2018: 106.0%). The financial assumptions used to calculate the VBIs were:

	30 June 2019	30 June 2018
Net investment returns	6.0% pa	6.0% pa
Salary information	3.5% pa	3.5% pa
Price inflation (CPI)	2.0% pa	2.0% pa

Vision Super has advised that the estimated VBI at 30 June 2020 was 104.6%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2017 full 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 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate will increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation.

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

Funding calls

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

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

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

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

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

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

The 2019 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 conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and a full actuarial investigation was conducted as at 30 June 2017.

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

	2019 $m	2017 $m
- A VBI Surplus	151.3	69.8
- A total service liability surplus	233.4	193.5
- A discounted accrued benefits surplus	256.7	228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

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 2019.

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 2019.

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

The 2020 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by 31 December 2020.

	2020 Triennial investigation	2017 Triennial investigation
Net investment return	5.6% pa	6.5% pa
Salary inflation	2.5% pa for the first two years and 2.75% pa thereafter	3.5% pa
Price inflation	2.0% pa	2.5% pa

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2020 are detailed below:

Scheme	Type of Scheme	Rate	2020 $,000	2019 $,000
Vision super	Defined benefit	9.50%	89	143
Vision super	Accumulation fund	9.50%	1,475	1,562

Refer to Note 8.1 for details of any future superannuation contributions.

10 Change in accounting policy

Council has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 Revenue from Contracts with Customers applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted *AASB 15 Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under *AASB 118 Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 Revenue from Contracts with Customers requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

b) AASB 16 Leases

AASB 16 Leases requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted *AASB 1058 Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 Income of Not-for-Profit Entities requires income to be recognised as Council satisfies the performance obligations under the contract.

d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019 $'000
Retained earnings at 30 June 2019	250,744
Revenue adjustment - impact of *AASB 15 Revenue from Contracts with Customers*	
Unearned income on transition to new standards	(4,438)
Income earned during the year	1,536
Net revenue adjustment - impact of *AASB 15 Revenue from Contracts with Customers*	(2,902)
Retained earnings at 1 July 2019	247,842

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of *AASB 16 Leases*.

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 $'000	Adjustments $'000	Post adoption $'000
Assets			
Right of use assets	-	79	79
	-	79	79
Liabilities			
Unearned income - operating grants	-	418	418
Unearned income - capital grants	-	395	395
Unearned income - contributions - monetary	-	3,337	3,337
Unearned income - Other income	-	14	14
Unearned income - User fees	-	274	274
Lease liability - current	-	35	35
Lease liability - non-current	-	44	44
	-	4,517	4,517

Bass Coast Shire Council

Performance Statement

For the year ended 30 June 2020

Performance Statement

For the year ended 30 June 2020

Description of municipality

Bass Coast Shire Council is a local government authority incorporated under the Local Government Act 1989 (Vic). It is located about 130km south east of Melbourne and is bounded by Western Port in the north and west, Cardinia Shire in the north east, South Gippsland Shire in the east and Bass Strait in the south. Bass Coast's main centres are Wonthaggi, Cowes (Phillip Island), Inverloch, San Remo and Grantville. In addition, the Shire comprises a further 28 towns. Bass Coast is home to over 30,000 permanent residents. However, its proximity to Melbourne makes it very attractive to visitors and to people wanting to make a sea change. During peak periods, our population swells to over 80,000. The Shire boasts many beautiful beaches, unique nature reserves and many major events that attract more than 3.4 million visitors each year, such as the Australian Motorcycle Grand Prix at the Phillip Island Circuit.

Sustainable Capacity Indicators

For the year ended 30 June 2020

	Results				
Indicator / *measure*	**2017**	**2018**	**2019**	**2020**	**Material Variations**
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	$2,156.74	$2,164.68	$2,460.83	$2,131.69	There has been a continuous increase in municipal population over the four years. Expenditure in 2019/20 has resumed to normal levels following a higher result in 2018/19 due to increased landfill amortisation expenditure ($5.3 million) and contributions made toward the Wonthaggi Highball Stadium ($2.4 million).
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	$13,531.68	$13,232.71	$14,825.74	$14,826.18	The increase in this result seen in 2018/19 was due to a road revaluation which increased the value of infrastructure by $61 million.
Population density per length of road [Municipal population / Kilometres of local roads]	35.82	36.76	37.78	38.19	A continuous increase in population has resulted in higher density per length of road.
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	$1,823.33	$1,866.88	$1,921.91	$1,933.18	
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	$406.76	$298.97	$244.21	$252.48	Recurrent grants were elevated in 2016/17 due to a change in timing of when Council receives the annual Commonwealth Financial Assistance Grant.
Disadvantage					
Relative socio-economic disadvantage [Index of Relative Socio-economic Disadvantage by decile]	4.00	3.00	3.00	3.00	

	Results				
Indicator / measure	**2017**	**2018**	**2019**	**2020**	**Material Variations**
Workforce turnover					
Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	6.5%	11.3%	13.9%	40.9%	Staff turnover increased substantially in 2019/20, due to Council decision to cease the provision of Aged Care Services from January 2020.

Definitions

"adjusted underlying revenue" means total income other than:

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

(b) non-monetary asset contributions; and

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

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

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"population" means the resident population estimated by council

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

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

Service Performance Indicators

For the year ended 30 June 2020

Service / *indicator* / *measure*	Results 2017	2018	2019	2020	Material Variations
Aquatic facilities ***Utilisation*** *Utilisation of aquatic facilities* [Number of visits to aquatic facilities / Municipal population]	4.65	4.53	4.33	2.83	Attendance at the aquatic facility from July 2019 to March 2020 was consistent with the previous years' attendance results, however the COVID-19 pandemic closure of the facility from March to June 2020 has resulted in an overall reduction in utilisation for 2019/20.
Animal management ***Health and safety*** *Animal management prosecutions* [Number of successful animal management prosecutions as a percentage of total animal management prosecutions]	New in 2020	New in 2020	New in 2020	100%	There were 8 successful Animal Management prosecutions during 2019/20 (excluding unpaid fines). The COVID-19 pandemic impacted on our ability to take cases to Court in 2020. We continue to see an increase in the number of serious dog attack cases reported to Council.
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	96.59%	98.11%	96.88%	97.92%	Council places high importance on ensuring critical and major non-compliances are satisfactorily followed up. One major non-compliance was not followed up as the business had ceased operations.
Governance ***Satisfaction*** *Satisfaction with council decisions* [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	47.00	49.00	51.00	52.00	A one point increase in community satisfaction is indicative of Council's implementation of its Communications and Engagement Strategy that is focussed on improving engagement with the community and explaining the reasons behind Council decisions.

Service / *indicator* / *measure*	Results 2017	2018	2019	2020	Material Variations
Libraries					
Participation					
Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	24.04%	23.70%	23.02%	22.18%	Closure of library facilities over the March to June quarter due to the COVID-19 pandemic has resulted in a reduction in the number of active library borrowers in the municipality.
Maternal and child health					
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	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	Council does not have operational control of a MCH Service
Roads					
Satisfaction					
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	48.00	47.00	53.00	53.00	Our 2020 Community Satisfaction score of 53 is consistent with last years' result. This is indicative of Council's commitment and focus in improving its road network. It is important to note that the survey results are also a reflection of the state controlled roads within the municipality.

Service / *indicator* / *measure*	Results 2017	2018	2019	2020	Material Variations
Statutory Planning					
Decision making					
Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	40.00%	75.00%	80.00%	30.00%	In 2019/20 three of ten Council planning decisions were affirmed by VCAT with seven decisions set aside.
Waste Collection					
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	32.40%	70.22%	74.77%	75.75%	The continued increase in Bass Coast Shire Council's diversion rate can be attributed to the introduction of a three bin system incorporating Kerbside Food and Garden Organics collection in September 2017. The weight of recyclables and green organics collected from kerbside bins increased from 14,028 tonnes in 2018/19 to 15,820 tonnes in 2019/20.

Definitions

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

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

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

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

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

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

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

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984* , or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the *Food Act 1984*

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

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

"population" means the resident population estimated by council

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

Financial Performance Indicators

For the year ended 30 June 2020

Dimension / *indicator* / *measure*	Results				Forecasts				Material Variations
	2017	2018	2019	2020	2021	2022	2023	2024	
Efficiency									
Expenditure level									
Expenses per property assessment [Total expenses / Number of property assessments]	$2,384.73	$2,399.03	$2,756.83	$2,410.80	$2,422.09	$2,376.53	$2,438.57	$2,414.80	The higher 2019 result was due to the take up of a one off $5.3 million amortisation expense attributable to the landfill airspace asset and a $2.4 million contribution toward the Wonthaggi Highball Stadium.
Revenue level									
Average rate per property assessment [General rates and Municipal charges / Number of property assessments]	New in 2020	New in 2020	New in 2020	$1,539.78	$1,557.82	$1,598.30	$1,649.57	$1,701.89	Average rate per property assessment is forecast to increase in line with the expected rate cap and forecast growth within the municipality.

Dimension / *indicator* / *measure*	Results				Forecasts				Material Variations
	2017	2018	2019	2020	2021	2022	2023	2024	
Liquidity ***Working capital*** *Current assets compared to current liabilities* [Current assets / Current liabilities] x100	279.37%	251.58%	171.98%	176.05%	192.91%	177.53%	165.75%	120.79%	Current liabilities have increased in 2019/20 due to the effects of AASB15 requiring revenue with associated future obligations to be held as a current liability. As a result of this, Council recognised $6.2 million of unearned income in 2019/20. The impact of this is partly offset by reduced current loan liabilities. The reduction of this indicator in 2018/19 was due to the reclassification of a $5.3 million loan which was due for repayment in November 2019.
Unrestricted cash *Unrestricted cash compared to current liabilities* [Unrestricted cash / Current liabilities] x100	176.71%	133.42%	47.64%	4.86%	109.48%	96.46%	84.70%	39.28%	A low result in 2019/20 is due to over $29 million being held in term deposits over 90 days which causes them to be classified as a financial asset instead of cash. Current liabilities have increased in 2019/20 due to the effects of AASB15 requiring revenue with associated future obligations to be held as a current liability.

Dimension / *indicator* / *measure*	Results 2017	2018	2019	2020	Forecasts 2021	2022	2023	2024	Material Variations
Obligations									
Loans and borrowings									
Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	26.68%	27.99%	30.49%	25.11%	31.16%	48.67%	49.57%	49.42%	This indicator has decreased in 2019/20 following the repayment of a $5.3 million LGFV loan in November 2019. Forecast for future years is expected to increase, due to the take up of new low interest borrowings to help fund major intergenerational capital works projects.
Loans and borrowings									
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.46%	7.02%	2.71%	23.51%	19.85%	3.47%	4.97%	5.12%	The increase in 2019/20 is due to the repayment of a $5.3 million LGFV loan in addition to the rollover of a short term $8.2 million LGFV loan. This short term loan rollover has been accounted for as a repayment and redraw in both 2019/20 and 2020/21.
Indebtedness									
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	27.04%	22.01%	18.88%	21.78%	41.20%	54.88%	55.02%	54.14%	Non-current liabilities have increased due to the recognition of lease liabilities ($1.1 million) as a result of changes to Accounting Standard AASB16. In addition, provision balances have increased, largely due to a reduction in interest rates which has caused the present value of future obligations to increase.

Dimension / *indicator* / *measure*	Results				Forecasts				Material Variations
	2017	2018	2019	2020	2021	2022	2023	2024	
Asset renewal and upgrade *Asset renewal and upgrade compared to depreciation* [Asset renewal and upgrade expense / Asset depreciation] x100	New in 2020	New in 2020	New in 2020	82.01%	106.44%	95.20%	88.96%	92.47%	The forecast increase for 20/21 is due to the planned upgrade of Wonthaggi Guide Park ($1.2 million) and the planned renewal works for roads ($4.1 million), buildings and open space ($5.9 million).
Operating position ***Adjusted underlying result*** *Adjusted underlying surplus (or deficit)* [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	3.36%	2.04%	-12.34%	3.16%	0.22%	4.67%	4.57%	7.78%	Adjusted underlying result returns to a surplus following a deficit experienced in 2018/19. The 2018/19 result was due to the take up of a one off $5.3 million amortisation expense attributable to the landfill airspace asset and a $2.4 million contribution toward the Wonthaggi Highball Stadium.
Stability ***Rates concentration*** *Rates compared to adjusted underlying revenue* [Rate revenue / Adjusted underlying revenue] x100	70.01%	73.06%	75.66%	77.30%	81.11%	81.18%	81.66%	82.21%	Continual annual increases in this measure are due to increases in CIV as a result of growth within the municipality. A spike is expected to be experienced in the 2020/21 financial year due to the freeze on fees and charges issued as part of the COVID19 community response package.
Rates effort *Rates compared to property values* [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.45%	0.41%	0.38%	0.38%	0.38%	0.38%	0.39%	0.39%	Rate revenue is expected to increase in line with the capital improved value of rateable properties in the municipality, resulting in a stable rates effort ratio.

Retired Indicators *Service / indicator / measure*	**Results**				**Comments**
	2017	**2018**	**2019**	**2020**	
Animal Management ***Health and safety*** *Animal management prosecutions* [Number of successful animal management prosecutions]	6	11	12	Retired in 2020	This measure was replaced from 1 July 2019.
Efficiency ***Revenue Level*** *Average residential rate per residential property assessment* [Residential rate revenue / Number of residential property assessments]	$1,601.31	$1,694.02	$1,771.19	Retired in 2020	This measure was replaced from 1 July 2019.
Obligations ***Asset Renewal*** *Asset renewal compared to depreciation* [Asset renewal expense / Asset depreciation] x100	55.19%	46.43%	86.39%	Retired in 2020	This measure was replaced from 1 July 2019.

Definitions

"adjusted underlying revenue" means total income other than:

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

(b) non-monetary asset contributions; and

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

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

“current assets” has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

“non-current assets” means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

“non-recurrent grant” means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants

"population "means the resident population estimated by council

“rate revenue” means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant "means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

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

Other Information

For the year ended 30 June 2020

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 19 August 2020 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

Certification of the Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

David Filmalter CA

Principal Accounting Officer

Dated: 21 October 2020

In our opinion, the accompanying performance statement of the Bass Coast Shire Council for the year ended 30 June 2020 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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 2014 to certify this performance statement in its final form.

Brett Tessari

Councillor

Dated: 21 October 2020

Geoff Ellis

Councillor

Dated: 21 October 2020

Ali Wastie

Chief Executive Officer

Dated: 21 October 2020

Treasury Report

Funds are held as cash at bank to ensure sufficient liquidity to meet payment obligations. Surplus cash is placed in interest bearing term deposits to maximise investment returns while ensuring availability if required. All investments are made in accordance with Council's Funds Investment Policy. The following table details investments held by Council at the end of quarter 4.

Investments held by council as at 30 June 2020	Principal	Interest Rate	Term (Days)	Maturity Date
Australian Unity Bank Ltd	3,000,000	1.80%	98	6 July 2020
Macquarie	1,600,000	1.70%	97	6 July 2020
Australian Unity Bank Ltd	1,400,000	1.80%	105	13 July 2020
Macquarie	3,000,000	1.60%	97	21 July 2020
Members Equity Bank Limited*	4,000,000	1.30%	98	3 August 2020
AMP Bank	4,000,000	1.30%	98	17 August 2020
Bank of Queensland Limited	4,000,000	1.15%	98	17 August 2020
Bank of Queensland Limited	4,200,000	1.00%	98	31 August 2020
National Australia Bank	4,000,000	0.91%	98	31 August 2020
AMP Bank	600,000	1.30%	88	7 September 2020
Members Equity Bank Limited*	600,000	0.90%	88	7 September 2020
Bendigo and Adelaide Bank Limited*	9,200,000	0.65%	88	7 September 2020
National Australia Bank	2,400,000	0.85%	88	7 September 2020
MyState Bank*	4,000,000	1.05%	88	18 September 2020
Bendigo Bank* (Shares)	40,000	N/A	N/A	N/A
** ethical*				
Weighted average return on investment	**1.13%**			

Investments are included as components of current assets balances in the balance sheet. Investments are classified as either; Cash and cash equivalents or current other financial assets based on the length of their investment term.

