



Appendix 5b

16.3 Adoption of 2021–22 Annual Financial Report and 2021–22 Performance Statement

Annual Financial Statement 2021–22

Ordinary Meeting of Council

Wednesday 28 September 2022 at 7:00pm

Queenscliff Town Hall

**Borough of Queenscliffe
DRAFT ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2022

Certification of the Financial Statements

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

Gihan Kohobange CA, CPA, FCCA
Principal Accounting Officer

Date : 28-September-2022
Queenscliff

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

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

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

Councillor Ross Ebbels
Mayor

Date : 28-September-2022
Queenscliff

Councillor Isabelle Tolhurst
Councillor

Date : 28-September-2022
Queenscliff

Martin Gill
Chief Executive Officer

Date : 28-September-2022
Queenscliff

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Borough of Queenscliffe

Financial Report

Table of Contents

FINANCIAL REPORT		Page
Certification of the Financial Statements		2
Financial Statements		
Comprehensive Income Statement		8
Balance Sheet		9
Statement of Changes in Equity		10
Statement of Cash Flows		11
Statement of Capital Works		12
Notes to Financial Statements		
Note 1	Overview	13
Note 2	2.1 Performance against budget	15
	2.1.1. Income and expenditure	15
	2.1.2. Capital works	17
	2.2 Analysis of Council results by program	19
Note 3	Funding for the delivery of our services	26
	3.1. Rates and charges	26
	3.2. Statutory fees and fines	26
	3.3. User fees	26
	3.4. Funding from other levels of government	27
	3.5. Contributions	29
	3.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment	29
	3.7. Other income	30
Note 4	The cost of delivering services	30
	4.1. Employee costs	30
	4.2. Materials and services	30
	4.3. Depreciation	31
	4.4. Bad and doubtful debts	31
	4.5. Other expenses	32
Note 5	Our financial position	32
	5.1. Financial assets	32
	5.2. Non-financial assets	34
	5.3. Payables, trust funds and deposits and unearned income/revenue	34
	5.4. Interest-bearing liabilities	35
	5.5. Provisions	35
	5.6. Financing arrangements	36
	5.7. Commitments	37
	5.8. Leases	38
Note 6	Assets we manage	38
	6.1. Non current assets classified as held for sale	38
	6.2. Property, infrastructure plant and equipment	39
	6.3. Investments in associates, joint arrangements and subsidiaries	46
Note 7	People and relationships	47
	7.1. Council and key management remuneration	47
	7.2. Related party disclosure	48

**Borough of Queenscliffe
Financial Report
Table of Contents**

FINANCIAL REPORT		Page
Note 8	Managing uncertainties	49
	8.1. Contingent assets and liabilities	49
	8.2. Change in accounting standards	50
	8.3. Financial instruments	50
	8.4. Fair value measurement	52
	8.5. Events occurring after balance date	52
Note 9	Other matters	53
	9.1. Reserves	53
	9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	55
	9.3. Superannuation	55
Note 10	Change in accounting policy	58

Comprehensive Income Statement For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Rates and charges	3.1	7,957	7,642
Statutory fees and fines	3.2	204	157
User fees	3.3	2,020	1,760
Grants - operating	3.4	2,136	1,551
Grants - capital	3.4	7,652	1,382
Contributions - monetary	3.5	-	52
Other income	3.7	251	218
Total income		20,219	12,762
Expenses			
Employee costs	4.1	(4,299)	(4,445)
Materials and services	4.2	(5,548)	(5,198)
Depreciation	4.3	(1,325)	(1,353)
Bad and doubtful debts	4.4	-	(4)
Net loss on disposal of property, infrastructure, plant and equipment	3.6	(130)	(540)
Share of net loss of associates and joint ventures	6.3	(5)	(75)
Other expenses	4.5	(559)	(1,266)
Total expenses		(11,866)	(12,880)
Surplus/(deficit) for the year		8,354	(118)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.2	33,177	-
Total comprehensive result		41,531	(118)

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

Balance Sheet As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	3,778	1,542
Trade and other receivables	5.1	373	316
Other financial assets	5.1	6,506	7,075
Inventories	5.2	4	5
Non-current assets classified as held for sale	6.1	2,577	2,075
Other assets	5.2	107	342
Total current assets		13,345	11,355
Non-current assets			
Investments in associates, joint arrangements and subsidiaries	6.3	160	165
Property, infrastructure, plant and equipment	6.2	173,715	133,720
Total non-current assets		173,875	133,885
Total assets		187,220	145,240
Liabilities			
Current liabilities			
Trade and other payables	5.3	2,324	648
Trust funds and deposits	5.3	50	47
Unearned income/revenue	5.3	995	2,117
Provisions	5.5	933	1,050
Total current liabilities		4,302	3,862
Non-current liabilities			
Provisions	5.5	113	104
Total non-current liabilities		113	104
Total liabilities		4,415	3,965
Net assets		182,805	141,274
Equity			
Accumulated surplus		101,380	93,113
Reserves	9.1	81,425	48,161
Total Equity		182,805	141,273

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

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

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2022					
Balance at beginning of the financial year		141,274	93,113	43,498	4,664
Surplus/(deficit) for the year		8,354	8,354	-	-
Net asset revaluation increment/(decrement)	6.2	33,177	-	33,177	-
Transfers to other reserves	9.1	-	(2,376)	-	2,376
Transfers from other reserves	9.1	-	2,289	-	(2,289)
		182,805	101,380	76,675	4,750
Balance at end of the financial year		182,805	101,380	76,675	4,750
		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2021					
Balance at beginning of the financial year		141,393	91,998	43,498	5,897
Surplus/(deficit) for the year		(118)	(118)	-	-
Net asset revaluation increment/(decrement)	6.2	-	-	-	-
Transfers to other reserves	9.1	-	(1,146)	-	1,146
Transfers from other reserves	9.1	-	2,379	-	(2,379)
		141,274	93,113	43,498	4,664
Balance at end of the financial year		141,274	93,113	43,498	4,664

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

Statement of Cash Flows For the Year Ended 30 June 2022

	Note	2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		7,962	7,711
Statutory fees and fines		204	160
User fees		2,017	1,764
Grants - operating		2,087	1,549
Grants - capital		6,690	3,009
Contributions - monetary		-	52
Interest received		18	51
Trust funds and deposits taken		5	70
Other receipts		374	146
Net GST refund / (payment)		(65)	(21)
Employee costs		(4,415)	(4,294)
Materials and services		(5,334)	(5,209)
Short-term, low value and variable lease payments		(12)	(14)
Trust funds and deposits repaid		(2)	(40)
Other payments		(559)	(1,266)
Net cash provided by/(used in) operating activities		8,972	3,668
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(7,369)	(2,883)
Proceeds from sale of property, infrastructure, plant and equipment		66	19
Payments for investments		(1,752)	(5,269)
Proceeds from sale of investments		2,321	5,056
Net cash provided by/(used in) investing activities		(6,736)	(3,077)
Cash flows from financing activities			
Repayment of borrowings		-	(29)
Net cash provided by/(used in) financing activities		-	(29)
Net increase (decrease) in cash and cash equivalents		2,236	563
Cash and cash equivalents at the beginning of the financial year		1,542	979
Cash and cash equivalents at the end of the financial year		3,778	1,542
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

Statement of Capital Works For the Year Ended 30 June 2022

	2022 \$'000	2021 \$'000
Property		
Land improvements	23	-
Total land	<u>23</u>	<u>-</u>
Buildings	4,699	1,407
Total buildings	<u>4,699</u>	<u>1,407</u>
Total property	<u>4,722</u>	<u>1,407</u>
Plant and equipment		
Plant, machinery and equipment	4	42
Fixtures, fittings and furniture	2	-
Computers and telecommunications	138	115
Total plant and equipment	<u>144</u>	<u>157</u>
Infrastructure		
Roads	341	629
Footpaths and cycleways	100	125
Drainage	127	170
Recreational, leisure and community facilities	458	129
Parks, open space and streetscapes	227	45
Off street car parks	386	5
Other infrastructure	2,337	209
Total infrastructure	<u>3,976</u>	<u>1,311</u>
Total capital works expenditure	<u>8,842</u>	<u>2,875</u>
Represented by:		
New asset expenditure	1,681	248
Asset renewal expenditure	1,652	783
Asset upgrade expenditure	5,508	1,844
Total capital works expenditure	<u>8,842</u>	<u>2,875</u>

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

Note 1 OVERVIEW

Introduction

The Borough of Queenscliffe was established by an Order of the Governor in Council on 12th May 1863 and is a body corporate.

The Council's main office is located at 50 Learmonth Street, Queenscliff, VIC, 3225.

Statement of compliance

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

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

Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

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

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

(b) Impact of Covid-19

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, known as coronavirus. A state of disaster was subsequently declared on 2 August 2020. Subsequently, the state of disaster and the state of emergency were concluded on 28 October 2020 and on 15 December 2021 respectively. While the impacts of the pandemic have abated somewhat through the 2021-22 year, Council has noted the following significant impacts on its financial operations:

	\$
Additional revenue (Specific grant funding received as COVID-19 support)	
Local councils outdoor eating and entertainment package	200,000
Business concierge and hospitality support program	72,258
Rural councils ICT infrastructure program	43,362
	<u>315,620</u>
Revenue reduction	
Loss of income from the caravan parks	(37,461)
Loss of interest income (due to low interest rates)	(163,742)
	<u>(201,203)</u>
Revenue foregone	
Lease rental income from council owned properties	(19,903)
Environmental health - licences and fees	(12,385)
	<u>(32,288)</u>
Additional costs	
Cost relate to grant funding stated under additional revenue	(315,619)
Additional office administration cost (Covid safe)	(8,248)
Cost savings due to cancelation of events and sponsorships	86,277
	<u>(237,590)</u>
Net impact	<u><u>(155,461)</u></u>

Note 2.1 Performance against budget

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

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

2.1.1 Income and expenditure

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Income					
Rates and charges	7,946	7,956	10	0%	
Statutory fees and fines	132	204	72	55%	1
User fees	1,977	2,020	43	2%	
Grants - operating	1,017	2,137	1,120	110%	2
Grants - capital	6,495	7,652	1,157	18%	3
Contributions - monetary	35	-	(35)	-100%	4
Other income	268	251	(17)	-6%	
Total income	17,870	20,220	2,350	13%	
Expenses					
Employee costs	(4,873)	(4,300)	(573)	12%	5
Materials and services	(5,733)	(5,548)	(185)	3%	6
Depreciation	(1,373)	(1,324)	(49)	4%	
Bad and doubtful debts	(3)	(0)	(3)	95%	7
Net loss on disposal of property, infrastructure, plant and equipment	-	(130)	130	0%	
Share of net loss of associates and joint ventures	-	(5)	5	0%	
Other expenses	(325)	(559)	234	-72%	8
Total expenses	(12,307)	(11,866)	(441)	4%	
Surplus/(deficit) for the year	5,563	8,354	2,791	50%	

(i) Explanation of material variations

-
- 1 The increase of \$72,000 is mainly due to the increase in town planning fees resulting from the significant increase in town planning applications.
 - 2 The increase of \$1,120,000 is mainly due to:
 - 1) \$588,000 Financial Assistance Grant received in advance, Victorian grants commission;
 - 2) \$200,000 additional funding for Outdoor Seating and Entertainment, Department of Jobs, Precincts and Regions;
 - 3) \$149,000 additional grant received for Point Lonsdale Seawall repair work, Department of Environment, Land, Water and Planning;
 - 4) \$119,000 additional funding to assist Council with the loss of boat ramp permit income, Better Boating Victoria; and
 - 5) \$72,000 additional grant received for Business Concierge and Hospitality Support program, Department of Jobs, Precincts and Regions.
 - 3 The net increase of \$1,157,000 is mainly due to:
 - 1) \$1,710,000 shift in the timing of grant income accrued/received for the Queenscliffe Cultural Hub project;
 - 2) (\$378,000) shift in the timing of grant income accrued/received for the Queenscliffe Boat Ramp upgrade work; and
 - 3) (\$315,000) shift in the timing of the grant income accrued/received for Queenscliff Sports and Recreation Precinct upgrade project.
 - 4 The reduction of \$35,000 is due to the timing of completion of the Queenscliffe Cultural Hub project.
 - 5 The decrease of \$573,000 is due to the various staff vacancies that existed throughout the year.
 - 6 The net decrease of \$185,000 is mainly due to:
 - 1) \$157,000 net movement in cost associated with rates funded and grant-funded operating projects (after considering the cost of new grant-funded operating projects);
 - 2) \$104,000 savings in operating expenses of caravan parks predominantly due to the intermittent closures of the parks during the year;
 - 3) \$78,000 savings in economic development activities due to the cancellation of events and prioritising grant-funded events over Council funded events;
 - 4) \$48,000 savings in powerline and sundry tree clearance expenses due to the reduction in the scope of the work for the year;
 - 5) (\$132,000) increase in vegetation and tree inspection expenses resulting from the storm event that took place during the year; and
 - 6) (\$52,000) increase in the cost of consultants during the year, used as a backfill for staff vacancies in some areas.
 - 7 Bad and doubtful debt expenses/change in the provision for the year is insignificant.
 - 8 The increase of \$234,000 is mainly due to the reclassification (capital to operating) of expenditure incurred on infrastructure assets owned by third parties in relation to a road upgrade project, in line with the requirements of accounting standards. This was a 100% grant-funded project completed in the 2021-22 financial year.

2.1.2 Capital works

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Property					
Land improvements	-	23	23	100%	1
Total land	-	23	23	100%	
Buildings	4,729	4,699	(31)	-1%	
Total buildings	4,729	4,699	(31)	-1%	
Total property	4,729	4,722	(8)	0%	
Plant and equipment					
Plant, machinery and equipment	119	4	(115)	-97%	2
Fixtures, fittings and furniture	5	2	(3)	-58%	
Computers and telecommunications	201	138	(63)	-31%	3
Total plant and equipment	325	144	(181)	-56%	
Infrastructure					
Roads	771	341	(430)	-56%	4
Footpaths and cycleways	198	100	(98)	-49%	5
Drainage	174	127	(46)	-27%	
Recreational, leisure and community facilities	823	458	(365)	-44%	6
Parks, open space and streetscapes	727	227	(500)	-69%	7
Off street car parks	425	386	(40)	-9%	
Other infrastructure	2,652	2,337	(314)	-12%	8
Total infrastructure	5,770	3,976	(1,794)	-31%	
Total capital works expenditure	10,824	8,842	(1,983)	-18%	
Represented by:					
New asset expenditure	2,579	1,681	(898)	-35%	
Asset renewal expenditure	2,432	1,652	(780)	-32%	
Asset upgrade expenditure	5,813	5,508	(305)	-5%	
Total capital works expenditure	10,824	8,842	(1,983)	-18%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Cost incurred in relation to Murray Road land.
2	Plant, machinery and equipment	The decrease is due to the shift in the timing of replacing of motor vehicle, including extending some vehicles out by a further year before they are replaced.
3	Computers and telecommunications	The decrease is due to the shift in the timing of the ICT transformation project.
4	Roads	The net reduction of \$430,000 is mainly due to: 1) \$212,000 reclassification (capital to operating) of expenditure incurred on road assets owned by VicRoads (100% grant-funded project); 2) \$150,000 due to not carrying out planned road resealing work during the year 2021-22; 3) \$121,000 due to the shift in the timing of the Hesse Street streetscape project; and 4) (\$95,000) due to the additional work carried over from the 2020-21 financial year under the Commonwealth Road Safety Program 2021.
5	Footpaths and cycleways	The reduction of \$98,000 is mainly due to: 1) \$50,000 project work to link Hesse Street to the upgraded boat ramp, is on hold; and 2) \$40,000 due to the shift in the timing of footpaths and cycleways renewal work.
6	Recreational, leisure and community facilities	The reduction of \$365,000 is mainly due to: 1) \$304,000 due to the shift in the timing of the Queenscliff Sports and Recreation Precinct upgrade project; and 2) \$60,000 due to the shift in the timing of design work of the Royal park oval upgrade project.
7	Parks, open space and streetscapes	The reduction of \$500,000 is mainly due to: 1) \$388,000 due to the shift in the timing of the Point Lonsdale Lighthouse Reserve upgrade project; and 2) \$60,000 due to the shift in the timing of design work of the Royal park oval upgrade project.
8	Other infrastructure	The reduction of \$314,000 is mainly due to: 1) \$241,000 due to the shift in the timing of the Queenscliffe boat ramp upgrade project; and 2) \$65,000 due to the shift in the timing of electronic vehicle charging station installation work.

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Portfolio 1: Health and wellbeing: To support community wellbeing and encourage an active lifestyle

Aged Services

The Aged Services program provides care and assistance to older residents and carers requiring respite so that residents can live independently and remain safe in their homes. The program is focused on maximising the wellbeing, safety and health of frail older people and carers requiring respite. Through the Commonwealth Home Support Programme, support and maintenance services are provided to people living at home, whose capacity for independent living is at risk, or who are at risk of premature or inappropriate admission to long term residential care.

Recreation, Arts, Culture and Community

The Recreation, Arts, Culture and Community program promotes community wellbeing by supporting people and communities to be involved and active in sport, recreation, arts, culture and other community and civic activities. The program area is responsible for building the capacity of local clubs and community organisations and assisting these organisations to develop and implement projects that support social inclusion, access and equity within the Borough.

Community Events

The Community Events program promotes community wellbeing, celebrates the significance of the Borough and stimulates the local economy through conducting events directly or facilitating, supporting and administering a range of recreation, arts and cultural events planned and implemented by community organisations or commercial businesses. Council also plays a key role in promoting and acknowledging the significant roles played by volunteers in local organisations.

Maternal and Child Health

The Maternal and Child Health program (MCH) plays a key role in supporting and monitoring the health and wellbeing of local families and children from birth to school age. MCH is a primary health service which provides a comprehensive and focused approach for the promotion, prevention, early detection, and intervention of the physical, emotional or social factors affecting young children and their families. Council currently contracts the City of Greater Geelong to provide the Maternal and Child Health services in the Borough.

Kindergarten

The Kindergarten program is an important part of the Borough's early years services. Kindergarten assists in supporting the wellbeing of pre-school children and providing a safe learning environment to enable children to gain early life skills and knowledge and assist their smooth transition to primary school. Whilst the Queenscliff Kindergarten is operated as a not for profit organisation, Council manages the Kindergarten building, facilitates access to external grants and supports the Kindergarten Committee of Management as needs arise.

Environmental Health

The Environmental Health program monitors and maintains a safe environment for public health and wellbeing. This program is designed to meet Council's statutory obligations regarding public health notably under the Food Act 1984 and Public Health and Wellbeing Act 2008. Mandatory assessments of food safety, accommodation and beauty treatment premises are completed in accordance with the regulations and risk management frameworks. Tobacco control activities reduce the prevalence of smoking in the community. Nuisance complaint investigations remedy public health and amenity concerns and infectious disease investigations control and reduce the likelihood of notifiable disease. The Environmental Health program area also facilitates mosquito control activity.

Local Laws, Safety and Amenity

The Local Laws, Safety and Amenity program promotes community wellbeing and safety in various settings and through monitoring public behaviour consistent with Council's Local Laws. This is achieved through management of school crossings, the provision of animal management services including animal registration and a dog and cat collection service, enforcement of local laws, issuing of local law permits, management of the boat ramp and enforcement of parking restrictions. This service is also the first Council respondent to out-of-hours emergencies.

Library

The Library program promotes community wellbeing by encouraging active participation and life-long learning opportunities in a safe, inclusive setting. Libraries can be restorative places and often a safe haven for people outside their own home. The public library service is provided in Queenscliff in a Council-owned building, and is operated by the Geelong Regional Library Corporation under a deed of agreement with Council. Council is one of four municipalities that make up the membership of the Corporation.

Portfolio 2: Environment: To protect our environment and address climate change issues.

Environmental Sustainability

The Environmental Sustainability program sees the Borough playing its part in protecting the natural environment for future generations. This includes Council measuring, monitoring and reducing its carbon emissions as well as assisting the local community to implement various initiatives designed to reduce greenhouse gases through the Community Environment Alliance. Council plays a key role in responding to the challenges of climate change and sea level rise and where possible working with various Federal, State, regional and local organisations to inform and educate the community about practices that support environmental sustainability.

Coastal Protection

The Coastal Protection program seeks to preserve and enhance the Borough's globally significant, highly-valued coast as an iconic environmental asset for current and future generations. Under this program, Council implements State Government coastal management policy, manages environmental projects and works with State, regional and local services to enhance its management of coastal Crown Land. The program involves weed reduction initiatives and annual planting of trees, shrubs and grasses.

Waste Management and Recycling

The Waste Management and Recycling program seeks to involve the local community in protecting the environment for future generations by minimising waste. Council works with local and regional organisations, including the Barwon South West Waste and Resource Recovery Group and neighbouring councils to increase community awareness and promote behaviours that reduce waste and promote recycling. In addition to regular kerbside waste collection and a hard rubbish collection, the program includes a recycling service, effective e-waste disposal and a green waste bin service for all residential and tourist accommodation properties. A range of public waste services are also provided given the comparatively high level of tourist visitation. It is important to note that full cost recovery of waste management, including recycling, is achieved via application of waste charges to ratepayers in accordance with Council's Rating Strategy.

Portfolio 3: Local economy: To support a prosperous and diverse local economy.

Tourist Parks

The Tourist Parks program ensures the Borough remains a special place for visitors while increasing tourism's contribution to the local economy. The program includes management of three tourist parks. It currently provides approximately 350 camping/caravanning sites and associated facilities, including maintenance of seven amenities blocks. While contributing significantly to the local economy, this program generates a net income result, which is used to fund improvements to and maintenance of community facilities, foreshore infrastructure and coastal protection activities on Crown land.

Visitor Information Centre

The Visitor Information Centre program promotes the Borough as a special place for visitors, and supports local tourism and related businesses through the dissemination of tourism information that plays a key role in supporting a diverse and vibrant local economy. This program manages a year round State accredited tourist information service, with paid staff and volunteers offering information and advice about the visitor experiences on offer across the Borough and through other parts of Victoria.

Tourism & Economic Development

The Tourism and Economic Development program seeks to build on the Borough's unique heritage, rich culture and significant natural environment to strengthen the diversity and vibrancy of the local economy. The program is integrated with the activities of state and regional tourism organisations. Marketing and promoting the Borough and its attractions is key to increasing the number of day trippers and overnight visitors. The program's focus is informed by the Council's Economic Development Strategy and includes supporting local businesses and working with neighbouring municipalities, Tourism Greater Geelong & the Bellarine, G21 and the State Government to implement regional economic development and related infrastructure priorities.

Portfolio 4: Heritage, planning and infrastructure: To protect our distinctive coastal, cultural and built environment, and provide sustainable, suitable infrastructure.

Design and Project Management

The Design and Project Management program seeks to achieve excellence of design and delivery of projects which enhance the Borough as a special place. Specifically, the program manages project design, tendering and contract management activities as well as the implementation and supervision of Council's annual capital works program. It also manages issues associated with private development activities such as building over easements, legal point of discharge, vehicle point of access and unit development infrastructure.

Land Use Planning

The Land Use Planning program ensures that the Borough conserves its unique heritage, that the built environment is enhanced by design excellence, and that local amenity is protected against inappropriate land use and development. The program implements Council's Planning Scheme and prepares major policy documents including the Municipal Strategic Statement. It maintains and processes amendments to the Queenscliffe Planning Scheme and carries out research on demographic, economic and social issues affecting Council. The program administers Council's statutory planning responsibilities, including the various processes associated with the assessment of planning permit applications and defence of Council decisions at the Victorian Civil and Administrative Tribunal.

Heritage Conservation Advice

The Heritage Conservation Advice program aims to retain the unique heritage and rich culture captured in the Borough's built form. It adds value to the Land Use Planning program by providing an external heritage expert to advise development applicants on how to respect and achieve compliance with heritage objectives, and to inform Council's assessment of planning permit applications in relation to heritage conservation.

Building Control

The Building Control program ensures that building construction and maintenance is such that the community remains safe. It provides statutory building services including processing of siting variation consent, emergency management responsibilities, building inspections, building safety audits, and investigation of complaints and illegal works.

Asset Management and Appearance of Public Places

The Asset Management and Appearance of Public Places program ensures the safety, functionality and aesthetics of public places and infrastructure. This program promotes community wellbeing and encourages people to be active in public settings. The program ensures safe and efficient active transport settings, including the development of a network of connected walking and cycling routes, facilitates safe access to and use of community facilities, parks and gardens, sports ovals and local amenities. Responsibilities extend to include maintenance of local roads, kerb and channel, footpaths, shared use trails, drainage and street cleanliness. Council implements an asset renewal and maintenance program for infrastructure including roads, paths, drainage and all Council-owned and managed community buildings. It is also responsible for the maintenance, cleaning and renewal of 14 public toilets.

Street Lighting

The Street Lighting program assists in the provision of a safe environment for motorists, pedestrians and cyclists. It involves the operation, maintenance, renewal and energy costs associated with the Borough's street lights. Importantly, Council has upgraded the streetlight infrastructure to achieve a high level of energy efficiency.

Powerline Safety

The Powerline Safety program assists in the provision of a safe environment and protection of the Borough's significant public and private assets and vegetation from fire by maintaining clear zones around powerlines to standards as set by legislation.

Portfolio 5: Governance and finance: To provide a financially viable Council that is accountable, transparent and practices good governance.

Council Governance

The Council's Governance program supports the Mayor and Councillors to maintain a cohesive Council and a well-governed municipal Council. The program is structured to meet all legislative requirements associated with the Local Government Act 2020 and any other applicable Act. It supports Council's compliance with the Councillor Code of Conduct and its key relationships and memberships with organisations such as the MAV and G21. Council's participation in the annual Local Government Community Satisfaction Survey also forms part of this program.

Organisational Performance and Compliance

The Organisational Performance and Compliance program supports the Chief Executive Officer and Executive Management Team to maintain a cohesive, well-managed and highly performing organisation. This includes supporting organisation development and statutory compliance, and seeking to ensure that the behaviour of all staff complies with the Staff Code of Conduct. Key outputs of the program are the preparation and/or review of the Council Plan, Strategic Resource Plan and long term budget, Annual Implementation Plan and Council's Annual Budget.

Community Engagement and Customer Service

The Community Engagement and Customer Service program aims to facilitate community involvement in decision-making, and to deliver high quality customer service. It includes practical and strategic advice regarding Council's internal and external communications and issues management, and supports first point of contact to customers at the Council office. The program provides records management services in accordance with Council policy and procedures, administers the requirements of the privacy and freedom of information legislation, coordinates Council and Committee meetings, and provides other associated administrative support.

Financial and Risk Management

The Financial and Risk Management program seeks to ensure the ongoing independence and financial sustainability of the Borough of Queenscliffe. Council ensures sound financial management, and cohesiveness and performance of the organisation's operations, through the maintenance of appropriate systems. The service provides long term financial planning, robust internal risk management, adherence to guidelines on prudent management of debt, cash and asset renewal, and reviews its assets to improve the return on Council's investments. The service predominantly includes management of Council's finances, the raising and collection of revenue, payment of salaries and wages to Council employees, procurement and contracting of services, management and maintenance of robust computer systems, fleet management, insurance and risk management systems. The program also includes the revaluation of properties for rating purposes, processing of supplementary rates and the administration of the State Government's Fire Services Property Levy. The depreciation expense for all Council assets is also included as part of this program.

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

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Health and wellbeing					
Aged Services	559	649	(90)	425	-
Recreation, Arts, Culture and Community	3	143	(140)	3	31,849
Community Events	16	216	(200)	16	-
Maternal and Child Health	66	78	(12)	66	-
Kindergarten	0	7	(6)	-	873
Environmental Health	25	86	(62)	8	-
Local Laws, Safety and Amenity	82	329	(247)	31	17
Library	-	239	(239)	-	1
Sub total	751	1,747	(997)	549	32,740
Environment					
Environmental Sustainability	4	193	(189)	4	-
Coastal Protection	367	391	(24)	268	290
Waste management and Recycling	1,195	1,207	(13)	33	57
Sub total	1,566	1,791	(226)	305	347
Local Economy					
Tourist Parks	1,819	852	967	-	20,093
Visitor Information Centre	65	279	(214)	-	2
Tourism & Economic Development	273	341	(68)	272	2,045
Sub total	2,157	1,472	685	272	22,140
Heritage, Planning and Infrastructure					
Design and Project Management	-	282	(282)	-	-
Land Use Planning	141	317	(176)	-	-
Heritage Conservation Advice	-	12	(12)	-	-
Building Control	34	33	1	-	-
Asset Management and Appearance of Public Places	144	1,545	(1,401)	92	74,904
Street Lighting	-	28	(28)	-	-
Powerline Safety	-	3	(3)	-	-
Sub total	319	2,220	(1,901)	92	74,904
Governance and Finance					
Council Governance	-	213	(213)	-	670
Organisational Performance and Compliance	881	1,071	(190)	876	248
Community Engagement and Customer Service	-	550	(550)	-	-
Financial and Risk Management	6,895	2,590	4,305	42	-
Sub total	7,776	4,423	3,353	918	918
Total - Strategic Objectives	12,568	11,654	914	2,136	131,049
Other Non-attributable					
Asset Write-offs	-	0	(0)	-	-
Expenditure not meeting capitalisation criteria / threshold	-	213	(213)	-	-
Capital Grants and Contributions	7,652	-	7,652	7,652	-
Land Under Roads	-	-	-	-	23,060
Other Property & Buildings	-	-	-	-	33,110
	20,220	11,866	8,354	9,788	187,220

2.2.2 Continued

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2021					
Community Wellbeing					
Aged Services	684	851	(167)	532	-
Recreation, Arts, Culture and Community	-	151	(151)	-	24,240
Community Events	15	124	(109)	15	-
Maternal and Child Health	58	73	(16)	58	-
Kindergarten	35	1	34	35	911
Environmental Health	36	141	(106)	29	-
Asset Management and Appearance of Public Places	115	1,271	(1,156)	76	71,660
Local Laws, Safety and Amenity	67	299	(232)	30	28
Street Lighting	-	28	(28)	-	-
Powerline Safety	-	30	(30)	-	-
Library	-	301	(300)	-	324
Sub total	1,009	3,270	(2,260)	774	97,162
Environmental Sustainability					
Environmental Sustainability	-	145	(145)	-	-
Coastal Protection and Boat Ramp Services	378	293	85	281	606
Waste management and Recycling	999	1,087	(88)	22	75
Sub total	1,377	1,526	(149)	304	681
Local Economy					
Tourist Parks	1,551	844	707	-	13,679
Visitor Information Centre	30	213	(183)	-	326
Tourism & Economic Development	251	433	(182)	250	1,778
Sub total	1,832	1,490	342	250	15,783
Planning and Heritage					
Design and Project Management	-	276	(276)	-	-
Land Use Planning	124	337	(213)	-	-
Heritage Conservation Advice	-	3	(3)	-	-
Building Control	29	32	(4)	-	-
Sub total	152	648	(496)	-	-
Governance and Performance					
Council Governance	-	267	(267)	-	-
Organisational Performance and Compliance	193	1,274	(1,082)	183	1,596
Community Engagement and Customer Service	-	555	(555)	-	-
Financial and Risk Management	6,764	2,970	3,794	41	-
Sub total	6,956	5,066	1,891	224	1,596
Total - Strategic Objectives	11,328	11,999	(671)	1,551	115,223
Other Non-attributable					
Asset Write-offs	-	-	-	-	-
Expenditure not meeting capitalisation criteria / threshold	-	882	(882)	-	-
Capital Grants and Contributions	1,434	-	1,434	1,382	-
Land Under Roads	-	-	-	-	16,237
Other Property & Buildings	-	-	-	-	13,781
	12,762	12,881	(118)	2,933	145,240

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

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

The valuation base used to calculate general rates for 2021/22 was \$3,359 million (2020/21 \$3,037 million).

General rates		
Residential	5,579	5,391
Residential vacant land	147	131
Tourist accommodation	727	768
Commercial	320	349
Total general rates	6,773	6,639
Waste management charges		
Kerbside waste	622	611
Public waste	315	223
Green waste	205	125
Additional bins	20	18
Total waste management charges	1,162	977
Other rates and charges		
Interest on rates and charges	6	6
Cultural and recreational charges - in lieu of rates	4	4
Supplementary rates and charges	16	21
Less: rebate for properties of environmental interest	(4)	(4)
Total other rates and charges	22	27
Total rates and charges	7,957	7,642

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

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

3.2 Statutory fees and fines

Town planning fees	175	144
Infringements and costs	9	3
Permits	14	5
Fines Victoria court recoveries	-	(1)
Land information certificates	6	5
Total statutory fees and fines	204	157

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

Tourist park fees	1,819	1,551
Aged Services	133	152
Registration and other permits	45	36
Tourism	8	4
Other fees and charges (<\$10,000 each)	15	17
Total user fees	2,020	1,760
User fees by timing of revenue recognition		
User fees recognised over time	1,975	1,724
User fees recognised at a point in time	45	36
Total user fees	2,020	1,760

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

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants	2,712	965
State funded grants	7,068	1,907
Other grants	8	61
Total grants received	9,788	2,933

(a) Operating Grants

Recurrent - Commonwealth Government

Aged Services	359	380
Financial Assistance Grants	956	244

Recurrent - State Government

Maternal and child health	66	58
Service System Resourcing	67	27
Fire Services Property Levy administration	42	41
School crossing supervision	31	30
Beach cleaning	14	39
Other (<\$10,000 each)	4	7

Recurrent - Other

Tobacco Activity Program	7	12
Total recurrent operating grants	1,546	838

Non-recurrent - State Government

	2022	2021
	\$'000	\$'000
Tourism and economic development	287	258
Waste management and recycling	19	10
Coastal protection	268	254
Community development	-	159
Environmental Health	-	14
Pedestrian Safety	11	15
Environmental Sustainability	4	-

Non-recurrent - Other

Other (<\$10,000 each)	1	3
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Total non-recurrent operating grants	590	713
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Total operating grants	2,136	1,551
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(b) Capital Grants		
Non-recurrent - Commonwealth Government		
Roads	386	341
Queenscliffe Cultural Hub	1,012	-
Non-recurrent - State Government		
Buildings	2,903	850
Roads	-	14
Parks, open space and streetscapes	36	-
Footpaths and cycleways	-	10
Computers & Telecommunications	43	56
Other infrastructure	5	65
Boat Ramp upgrade	3,267	-
Non-recurrent - Other		
Other Infrastructure	-	46
Total capital grants	7,652	1,382

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

Operating		
Balance at start of year	288	602
Received during the financial year and remained unspent at balance date	104	127
Received in prior years and spent during the financial year	(288)	(441)
Balance at year end	104	288
Capital		
Balance at start of year	312	1,518
Received during the financial year and remained unspent at balance date	638	22
Received in prior years and spent during the financial year	(312)	(1,228)
Balance at year end	638	312

(d) Recognition of grant income

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

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

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

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

	2022	2021
	\$'000	\$'000
Income recognised under AASB 1058 Income of Not-for-Profit Entities		
General purpose	995	415
Other specific purpose grants	970	1,074
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	7,823	1,444
	9,788	2,933

	2022	2021
	\$'000	\$'000
3.5 Contributions		
Monetary	-	52
Total contributions	<u>-</u>	<u>52</u>

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

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

Proceeds of sale	66	19
Written down value of assets disposed	(196)	(559)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>(130)</u>	<u>(540)</u>

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

3.7 Other income	2022	2021
	\$'000	\$'000
Interest	19	35
Other rent - lease of Crown Land properties	104	97
Other rent - lease of Council properties	28	17
Reimbursements	42	12
Contribution from volunteers	58	28
Other	1	29
Total other income	251	218

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	2022	2021
	\$'000	\$'000

4.1 (a) Employee costs

Wages and salaries	3,774	3,934
Superannuation	369	356
Overtime	52	47
WorkCover	61	58
Fringe benefits tax	43	49
Total employee costs	4,299	4,445

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	5	3
	<u>5</u>	<u>3</u>
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	236	234
Employer contributions - other funds	151	135
	<u>387</u>	<u>369</u>
Employer contributions payable at reporting date.	-	-

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

4.2 Materials and services

Roads, parks and reserves maintenance	697	599
Cleaning of council buildings, amenities and BBQ's	198	130
Maternal and Child Health	78	73
Drainage maintenance	63	61
Home and community care home maintenance	33	44
Valuation services	17	6
General service delivery	653	874
Waste management	1,207	1,087
Non-recurrent operating projects (rates funded)	136	91
Labour contracts (I.T, building surveyor, heritage advisor and specialist backfill)	336	398
Foreshore and open space maintenance	430	324
Buildings, works, plant and equipment maintenance	301	239
Utilities	238	213
Contribution to Geelong Regional Library Corporation	221	221
Insurance	280	244
Information technology software and maintenance agreements	142	136
Local Government election costs	1	70
Non-recurrent operating projects (grant funded)	351	294
Office administration	36	37
Other expenses	-	2
Training and staff development	126	48
Aged care services	4	4
Total materials and services	5,548	5,198

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

4.3 Depreciation

Property	403	432
Plant and equipment	122	132
Infrastructure	800	789
Total depreciation	1,325	1,353

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

4.4 Bad and doubtful debts

	2022	2021
	\$'000	\$'000
Parking fine debtors	-	2
Other debtors	-	2
Total bad and doubtful debts	-	4

Movement in provisions for doubtful debts

Balance at the beginning of the year	2	2
New provisions recognised during the year	(1)	2
Amounts already provided for and written off as uncollectible	-	(2)
Balance at end of year	2	2

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.

4.5 Other expenses		
Councillors' allowances	166	144
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	45	41
Auditors' remuneration - Internal	12	14
Auditors' remuneration - Other	-	1
Audit and risk committee sitting fees	7	7
Operating lease rentals	12	14
Others	46	135
Expenditure not meeting capitalisation criteria / threshold	213	882
Cost of volunteers	58	28
Total other expenses	559	1,266

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	2	2
Cash at bank	2,775	1,040
Term deposits	1,001	500
Total cash and cash equivalents	3,778	1,542

(b) Other financial assets

Term deposits - current	6,506	7,075
Total other financial assets	6,506	7,075
Total financial assets	10,284	8,617

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)	50	47
Total restricted funds	50	47
Total unrestricted cash and cash equivalents	3,728	1,496

Intended allocations

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

- Cash held to fund carried forward projects (Note 9.1(b))*	1,839	3,252
- Cash held to fund future asset replacement requirements (Note 9.1(b))	1,379	1,356
- Cash held to fund future calls on the defined benefits superannuation fund (Note 9.1(b))	40	40
- Cash held to fund future waste management costs (Note 9.1(b))*	28	15
Total funds subject to intended allocations	3,286	4,663

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

	2022 \$'000	2021 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	117	105
Pensioner rebate	21	23
Infringement debtors	5	4
Provision for doubtful debts - infringements	(2)	(2)
<i>Non statutory receivables</i>		
Net GST receivable	187	122
Other debtors	45	63
Total current trade and other receivables	<u>373</u>	<u>316</u>
Non-current		
Total non-current trade and other receivables	-	-
Total trade and other receivables	<u>373</u>	<u>316</u>

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

(d) Ageing of Receivables

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

Current (not yet due)	200	146
Past due by up to 30 days	-	-
Past due between 31 and 180 days	15	36
Past due between 181 and 365 days	17	0
Past due by more than 1 year	-	3
Total trade and other receivables	<u>232</u>	<u>185</u>

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$1,685 (2021: \$1,533) were impaired. The amount of the provision raised against these debtors was \$1,685 (2021: \$1,533). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	2	2
Total trade & other receivables	<u>2</u>	<u>2</u>

5.2 Non-financial assets	2022	2021
(a) Inventories	\$'000	\$'000
Inventories held for distribution	4	5
Total inventories	4	5

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	102	91
Accrued income	5	251
Total other assets	107	342

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

(a) Trade and other payables

Non-statutory payables

Trade payables	33	-
Accrued wages	99	112
Accrued expenses	2,121	468
<i>Statutory payables</i>		
Net GST payable	71	68
Total trade and other payables	2,324	648

(b) Trust funds and deposits

Refundable deposits	8	9
Fire services levy	3	2
Retention amounts	39	36
Total trust funds and deposits	50	47

(c) Unearned income/revenue

Grants received in advance - operating	104	153
Grants received in advance - capital	638	1,847
Other	253	117
Total unearned income/revenue	995	2,117

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

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

Purpose and nature of items

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

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

5.4 Interest-bearing liabilities

Council does not have any outstanding borrowings.

5.5 Provisions

	Annual Leave \$ '000	Long Service \$ '000	Accrued Days \$ '000	Total \$ '000
2022				
Balance at beginning of the financial year	422	710	23	1,154
Additional provisions	207	152	(7)	352
Amounts used	(275)	(97)	(6)	(378)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	2	(84)	-	(81)
Balance at the end of the financial year	<u>356</u>	<u>681</u>	<u>10</u>	<u>1,047</u>

2021				
Balance at beginning of the financial year	317	689	27	1,033
Additional provisions	253	88	9	350
Amounts used	(145)	(19)	(14)	(178)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(3)	(48)	-	(51)
Balance at the end of the financial year	<u>422</u>	<u>710</u>	<u>23</u>	<u>1,154</u>

	2022	2021
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	67	119
Long service leave	68	29
Accrued days off	9	23
	144	170
Current provisions expected to be wholly settled after 12 months		
Annual leave	290	304
Long service leave	499	577
	789	881
Total current employee provisions	933	1,050
Non-current		
Long service leave	113	104
Annual leave	-	-
Total non-current employee provisions	113	104
Aggregate carrying amount of employee provisions:		
Current	933	1,050
Non-current	113	104
Total aggregate carrying amount of employee provisions	1,046	1,154

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

Annual leave

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

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

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

Long service leave

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

Key assumptions:	2022	2021
- discount factor	1.0% - 1.72%	0.99% - 1.27%
- discount rate	2.380% - 3.710%	-0.015% - 1.58%
- wage inflation rate	3.850%	2.950%

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2022.

Credit card facilities	21	26
Total facilities	21	26
Used facilities	13	6
Unused facilities	8	20

5.7 Commitments

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

(a) Commitments for expenditure

2022	Not later than 1	Later than 1 year	Later than 2	Later than 5	Total
	year	and not later than 2 years	years and not later than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Roads, parks and reserves maintenance	70	-	-	-	70
Internal audit	1	-	-	-	1
Waste Collection Service	576	-	-	-	576
Total	647	-	-	-	647
Capital					
Queenscliffe Hub - construction	483	-	-	-	483
Queenscliff Boat Ramp - upgrade	1,075	-	-	-	1,075
Stormwater drainage Big 4 caravan park Bellarine Hwy	3	-	-	-	3
Pedestrian Crossing, Point Lonsdale Rd Point Lonsdale	8	-	-	-	8
Queenscliff Recreation Reserve Amenities Block	250	-	-	-	250
Queenscliff Recreation Reserve Sport Precinct Civil Construction	86	-	-	-	86
Total	1,905	-	-	-	1,905
Total commitments for expenditure	2,552	-	-	-	2,552
2021					
	Not later than 1	Later than 1 year	Later than 2	Later than 5	Total
	year	and not later than 2 years	years and not later than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Roads, parks and reserves maintenance	912	-	-	-	912
Provision of Cleaning Services for Amenities Blocks & BBQ Facilities	82	-	-	-	82
Internal audit	17	-	-	-	17
Waste Collection Service	2	-	-	-	2
Total	1,013	-	-	-	1,013
Capital					
Queenscliffe Hub - construction	4,087	-	-	-	4,087
Queenscliff Boat Ramp - upgrade	3,747	-	-	-	3,747
Stormwater drainage Big 4 caravan park Bellarine Hwy	113	-	-	-	113
Pedestrian Crossing, Point Lonsdale Rd Point Lonsdale	62	-	-	-	62
Hesse St pedestrian crossing	59	-	-	-	59
Queenscliff Recreation Reserve Sport Precinct Civil Construction	53	-	-	-	53
Total	8,121	-	-	-	8,121
Total commitments for expenditure	9,133	-	-	-	9,133

(b) Operating lease receivables

Operating lease receivables

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

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

	2022	2021
	\$'000	\$'000
Not later than one year	157	139
Later than one year and not later than five years	633	570
Later than five years	808	864
	<u>1,598</u>	<u>1,573</u>

5.8 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.

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.

Council has elected to apply the temporary option available under *AASB 16 Leases* which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

- Lease signed with the State Transport Authority commencing 1 Jan 1985 (Lots 26, 27, 28, 29). No term mentioned. One months' notice required to terminate the lease. Annual lease rental \$104 ex GST.
- Lease signed with the Victorian Railways Commissioners 5 May 1959 (Lot 1). For 33 years. Expired but allows for a week to week rental indefinitely. Annual lease rental \$114 ex GST.
- Lease signed with the Victorian Railways board 1 Oct 1973 (Lot 18). For 50 years. Expiring 2023. Annual lease rental \$104 ex GST.
- Lease signed with Vic Track 1 March 2009 (Lot 41). No term mentioned. One months' notice required to terminate the lease. Annual lease rental \$139.05 ex GST.

There are no restrictions on use of these assets. However, Council is not generating any income from the above properties (land) and some have been provided for community use through various community organisations.

Short-term and low value leases

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

	2022 \$'000	2021 \$'000
Expenses relating to:		
Short-term leases	12	14
Leases of low value assets	-	1
Total	12	15
Variable lease payments (not included in measurement of lease liabilities)	-	-

	2022 \$'000	2021 \$'000
Note 6 Assets we manage		
6.1 Non current assets classified as held for sale		
Cost of acquisition	-	-
Land - At fair value*	2,577	2,075
Total non current assets classified as held for sale	2,577	2,075

* Prior period error: adjusted to reflect correct value of land transferred to non-current assets classified as held for sale in 2018/19. See note 6.2 - Property, infrastructure, plant and equipment.

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

	Carrying amount 30 June 2021	Additions	Prior period error*	Revaluation	Depreciation	Disposal	Write-off	Transfers	Carrying amount 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	108,281	121	(501)	33,177	(403)	(143)	-	-	140,531
Plant and equipment	483	43	-	-	(122)	(55)	-	-	351
Infrastructure	22,193	366	-	-	(800)	-	-	249	22,009
Work in progress	2,762	8,312	-	-	-	-	-	(249)	10,825
	133,720	8,842	(501)	33,177	(1,324)	(198)	-	-	173,715

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	1,786	4,523	-	-	6,309
Plant and equipment	-	105	-	-	105
Infrastructure	976	3,684	-	(249)	4,411
Total	2,762	8,312	-	(249)	10,825

* Prior period error: Land - adjusted to reflect correct value of land transferred to non-current assets classified as held for sale in 2018/19. See note 6.1 - Non current assets classified as held for sale.

(a) Property

	Land - specialised	Land - non specialised *	Land improvements	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Building improvements	Leasehold improvements	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	75,302	20,513	-	95,815	351	20,391	2,496	-	-	23,237	1,786	120,838
Accumulated depreciation at 1 July 2021	-	-	-	-	(180)	(9,729)	(862)	-	-	(10,771)	-	(10,771)
	75,302	20,513	-	95,815	170	10,662	1,634	-	-	12,466	1,786	110,067
Movements in fair value												
Additions	-	-	-	-	-	121	-	-	-	121	4,523	4,644
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	22,396	9,096	-	31,492	9	1,956	248	-	-	2,213	-	33,705
Disposal	-	-	-	-	-	(378)	-	-	-	(378)	-	(378)
Write-off	-	-	-	-	-	-	-	-	-	-	-	-
Prior period error	-	(501)	-	(501)	-	(452)	28	-	-	(424)	-	(925)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
	22,396	8,595	-	30,991	9	1,247	276	-	-	1,532	4,523	37,046
Movements in accumulated depreciation												
Depreciation and amortisation	-	-	-	-	(6)	(355)	(42)	-	-	(403)	-	(403)
Accumulated depreciation of disposals	-	-	-	-	-	234	-	-	-	234	-	234
Prior period error	-	-	-	-	-	410	14	-	-	424	-	424
Revaluation	-	-	-	-	(6)	(675)	154	-	-	(527)	-	(527)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	(12)	(386)	125	-	-	(272)	-	(272)
At fair value 30 June 2022	97,698	29,108	-	126,806	359	21,638	2,772	-	-	24,769	6,309	157,884
Accumulated depreciation at 30 June 2022	-	-	-	-	(192)	(10,115)	(736)	-	-	(11,043)	-	(11,043)
Carrying amount	97,698	29,108	-	126,806	167	11,523	2,036	-	-	13,726	6,309	146,841

* Prior period error: Land - adjusted to reflect correct value of land transferred to non-current assets classified as held for sale in 2018/19. See note 6.1 - Non current assets classified as held for sale.

(b) Plant and Equipment

	Heritage plant and equipment \$'000	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Work In Progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2021	-	527	342	711	-	1,580
Accumulated depreciation at 1 July 2021	-	(433)	(249)	(415)	-	(1,097)
	-	94	93	296	-	483
Movements in fair value						
Additions	-	-	4	39	105	148
Contributions	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Disposal	-	(84)	-	-	-	(84)
Write-off	-	-	-	-	-	-
Prior period error	-	(23)	-	-	-	(23)
Transfers	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-
	-	(107)	4	39	105	41
Movements in accumulated depreciation						
Depreciation and amortisation	-	(46)	(9)	(67)	-	(122)
Accumulated depreciation of disposals	-	30	-	-	-	30
Prior period error	-	83	(60)	-	-	23
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	-	67	(69)	(67)	-	(69)
At fair value 30 June 2022	-	420	346	750	105	1,621
Accumulated depreciation at 30 June 2022	-	(366)	(318)	(482)	-	(1,166)
Carrying amount	-	54	28	268	105	455

(c) Infrastructure

	Roads	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Waste Management	Parks open space and streetscapes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	19,296	2,153	5,295	4,322	221	1,943	923	527	976	35,655
Accumulated depreciation at 1 July 2021	(6,553)	(729)	(2,310)	(1,534)	(146)	(689)	(314)	(212)	-	(12,485)
	12,743	1,424	2,985	2,788	75	1,254	609	315	976	23,170
Movements in fair value										
Additions	73	20	245	19	-	-	-	8	3,684	4,050
Contributions	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-	-
Prior period error	(198)	(59)	130	-	-	-	68	-	-	(59)
Transfers	249	-	-	-	-	-	-	-	(249)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
	124	(39)	375	19	-	-	68	8	3,435	3,991
Movements in accumulated depreciation										
Depreciation and amortisation	(257)	(37)	(57)	(233)	(18)	(142)	(15)	(42)	-	(800)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-
Prior period error	198	59	(130)	-	-	-	(68)	-	-	59
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
	(59)	22	(187)	(233)	(18)	(142)	(83)	(42)	-	(741)
At fair value 30 June 2022	19,420	2,114	5,670	4,341	221	1,943	991	535	4,411	39,646
Accumulated depreciation at 30 June 2022	(6,612)	(707)	(2,497)	(1,767)	(164)	(831)	(396)	(254)	-	(13,227)
Carrying amount	12,808	1,407	3,174	2,575	57	1,112	594	281	4,411	26,419

Acquisition

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

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

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

	Depreciation Period	Threshold Limit \$'000
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	5
land under roads	-	5
land improvements	-	5
Buildings		
buildings	25 - 200 years	10
Plant and Equipment		
Plant, machinery and equipment	2 - 10 years	0.5
Fixtures, fittings and furniture	3 - 10 years	0.5
Computers and telecommunications	3 - 10 years	0.5
Infrastructure		
Roads	12 - 80 years	10
Footpaths and cycleways	20 - 50 years	10
Drainage	15 - 100 years	5
Recreation, leisure and community facilities	10 - 100 years	5
Waste management	5 - 15 years	5
Parks, open space and streetscapes	5 - 25 years	5
Off-street car parks	12 - 80 years	5
Other infrastructure	5 - 100 years	5

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Opteon Property Group (Victoria) ("Opteon") valuer registration number 63379, who completed a desktop inspection on all assets except newly constructed assets since the last revaluation. Revaluation of newly constructed assets were based on a physical inspection. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

\$000	Level 1	Level 2	Level 3	Date of Valuation
Freehold Land	-	29,108	-	June 2022
Crown Land (specialised land)	-	-	74,638	June 2022
Land under roads (specialised land)	-	-	23,060	June 2022
Buildings	-	-	2,036	June 2022
Buildings Specialised	-	-	11,690	June 2022
Total	-	29,108	111,424	

Valuation of infrastructure

Valuation of road network infrastructure assets (roads including kerb and channel, footpaths and cycleways) and off street car parks was conducted by Council's engineer, Mr. Stuart Hansen, using the condition assessment work of Mr Peter Moloney, Dip C.E.C.E.MIE Aust, conducted in November 2019. The drainage valuation was conducted by Council's engineer, Mr. Stuart Hansen, in 2019-20. All other infrastructure assets are currently based at cost.

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

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

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	12,513	June 2020
Footpaths and cycleways	-	-	1,114	June 2020
Drainage	-	-	2,626	June 2020
Off street car parks	-	-	624	June 2020
Total	-	-	16,877	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$208 and \$9,545 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$493 to \$5,086 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 104 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2022	2021
	\$'000	\$'000
Reconciliation of specialised land		
Crown Land	74,638	59,065
Land under roads	23,060	16,237
Total specialised land	97,698	75,302

	2022	2021
	\$'000	\$'000
6.3 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
- Geelong Regional Library Corporation	160	165
Fair value of Council's investment in Geelong Regional Library	<u>160</u>	<u>165</u>

Geelong Regional Library Corporation

Background

Council recognises its interest in the Geelong Regional Library Corporation by recording an investment in its financial statements at a value based on Council's underlying interest in the net assets of the service disclosed in its audited financial statements for the year ended 30 June 2022. Council's share of the net assets (1.55%) is calculated on the same ratio as it contributes to the operating costs of the service. Annual contributions to the library service are included in the Comprehensive Income Statement.

Council's share of accumulated surplus/(deficit)

Council's share of accumulated surplus(deficit) at start of year	165	240
Reported surplus(deficit) for year	(5)	(75)
Council's share of accumulated surplus(deficit) at end of year	<u>160</u>	<u>165</u>

Movement in carrying value of specific investment

Carrying value of investment at start of year	165	240
Share of surplus(deficit) for year	(5)	(75)
Carrying value of investment at end of year	<u>160</u>	<u>165</u>

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.

	2022	2021
	No.	No.
Note 7 People and relationships		
7.1 Council and key management remuneration		
(a) Related Parties		
<i>Parent entity</i>		
Borough of Queenscliffe is the parent entity.		
<i>Subsidiaries and Associates</i>		
Interests in subsidiaries and associates are detailed in Note 6.3.		
(b) Key Management Personnel		
Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of the Borough of Queenscliffe. The Councillors, Chief Executive Officer and General Managers are deemed KMP.		
Details of KMP at any time during the year are:		
Councillors		
Councillor Ross Ebbels	1	1
Councillor Donnie Grigau	1	1
Councillor Michael Grout	1	1
Councillor Fleur Hewitt	1	1
Councillor Susan Salter - up to 8 Mar 2022	1	1
Councillor Isabelle Tolhurst - from 20 Apr 2022	1	-
Councillor Bob Merriman - up to 24 Oct 2020	-	1
Councillor Rob Minty - up to 24 Oct 2020	-	1
Councillor Boyce Pizzey - up to 24 Oct 2020	-	1
Chief Executive Officer, Martin Gill	1	1
General Manager, Organisational Performance & Community Services, Phillip Carruthers - up to 7 Jul 2021,	1	1
General Manager, Planning & Infrastructure, Johann Rajaratnam - up to 13 Apr 2022	1	1
Manager, Finance and Corporate Services, Gihan Kohobange - from 23 Jul 2021	1	-
Manager, Community, Shannon Maloney - from 13 Oct 2021	1	-
Manager, Infrastructure and Environment, Stuart Hansen - from 27 Oct 2021	1	-
Total Number of Councillors	6	8
Total of Chief Executive Officer and other Key Management Personnel	6	3
Total Number of Key Management Personnel	12	11
(c) Remuneration of Key Management Personnel	2022	2021
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits*	1,034	723
Long-term benefits	26	9
Post employment benefits	75	53
Termination benefits	-	-
Total	1,135	784
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
	2022	2021
	No.	No.
\$0 - \$9,999	1	3
\$10,000 - \$19,999	1	3
\$20,000 - \$29,999	3	1
\$30,000 - \$39,999	1	-
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
\$130,000 - \$139,999	1	-
\$150,000 - \$159,999	2	-
\$160,000 - \$169,999	1	-
\$170,000 - \$179,000	-	2
\$270,000 - \$279,999	1	1
	12	11

*With the restructure, an additional manager position has been elevated to key management category.

(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:

	2022	2021
Income Range:	No.	No.
\$140,000 - 149,000	-	1
\$150,000 - \$159,999	1	-
	<u>1</u>	<u>1</u>
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	<u>152</u>	<u>144</u>

7.2 Related party disclosure	2022	2021
(a) Transactions with related parties	\$'000	\$'000

During the period Council entered into the following transactions with related parties on usual business terms.

<i>Geelong Regional Library Corporation - contribution to cover ongoing expenses</i>	242,780	239,898
<i>Tourism Greater Geelong and Bellarine - annual municipal partnership fee and cost of promotional publications</i>	27,456	-
<i>Planting Ideas - cost of horticultural consultancy services</i>	5,915	3,060
<i>G21 - Geelong Region Alliance Ltd - annual membership fees</i>	5,500	-
<i>Queenscliff Lonsdale Yacht Club (QLYC) - community grant provided during the year</i>	1,279	-

(b) Outstanding balances with related parties

No balances are outstanding at the end of the reporting period in relation to transactions with related parties (2020–21: nil).

(c) Loans to/from related parties

No loans have been made, guaranteed or secured during the reporting period by Council to a related party (2020–21: nil).

(d) Commitments to/from related parties

No commitments are in existence at balance date that have been made, guaranteed or secured during the reporting period by Council to a related party (2020–21: nil).

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) Contingent assets

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

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

(b) Contingent liabilities

Contingent liabilities are:

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

At the balance sheet date the Council is not aware of any contingent liabilities in addition to the specific items disclosed below.

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

There were \$Nil contributions outstanding and \$Nil loans issued from or to the defined benefit superannuation scheme as at 30 June 2022 (30 June 2021: \$Nil)

Insurance claims

There is Nil insurance claims as at 30 June 2022 that could have a material impact on future operations.

Legal matters

There is Nil legal matters as at 30 June 2022 that could have a material impact on future operations.

Building cladding

Council has not identified at the balance sheet date any potential contingencies that may exist in relation to rectification works or other matters associated with building cladding that may have the potential to adversely impact on Council.

Liability Mutual Insurance

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

MAV Workcare

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

(c) Guarantees for loans to other entities

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.

Borough of Queenscliff (Council) transferred land to Point Lonsdale Surf Life Saving Club (PLSLSC) for one dollar (\$1) consideration in April 2015. Subsequently, the PLSLSC has secured a line of credit of up to \$150,000 providing the land as a part of the mortgage.

As per the agreement under section 173 of the Planning and Environments Act 1987 (Vic), between the Council and the PLSLSC, the Council is liable to service the repayments and discharge the mortgage if the PLSLSC is unable to do so.

In a very unlikely scenario (current assessment of the management), if Council decide to exercise step in rights, the mortgagee will consent to transfer of the subject land and the adjoining land to Council for nil consideration subject to the terms of the agreement.

8.2 Change in accounting standards

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

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

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

(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.

All financial liabilities are expected to be settled within normal terms of trade. 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 +2.50% and -0.0% in market interest rates (AUD) from year-end rates of 0.85%.

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

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 3 years for buildings, roads, footpaths and cycleways, off street car parks to four years for land and drainage assets. 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

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

Note 9 Other matters

9.1 Reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves			
2022			
Property			
Land			
- Freehold land	20,923	9,096	30,019
- Crown land	4,664	15,573	20,237
- Land under roads	3,129	6,823	9,952
Buildings	8,482	1,686	10,168
	37,198	33,177	70,375
Infrastructure			
Roads	5,485	-	5,485
Footpaths and cycleways	333	-	333
Drainage	482	-	482
	6,300	-	6,300
Total asset revaluation reserves	43,498	33,177	76,675
2021			
Property			
Land			
- Freehold land	20,923	-	20,923
- Crown land	4,664	-	4,664
- Land under roads	3,129	-	3,129
Buildings	8,482	-	8,482
	37,198	-	37,198
Infrastructure			
Roads	5,485	-	5,485
Footpaths and cycleways	333	-	333
Drainage	482	-	482
	6,300	-	6,300
Total asset revaluation reserves	43,498	-	43,498

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

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

	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				
2022				
Asset replacement reserve	909	530	(60)	1,379
General reserve - Unallocated cash	447	1,016	-	1,463
Future calls on defined benefits superannuation	40	-	-	40
Funds carried forward to future years				-
Grant funding not yet expended - Operating	288	-	(288)	-
Grant funding not yet expended - Capital	312	-	(312)	-
Incomplete works - Operating	972	-	(635)	337
Incomplete works - Capital	1,680	769	(947)	1,502
Total funds carried forward to future years	3,252	769	(2,182)	1,839
Waste management reserves	-			
Standard kerbside waste*	3	35	(47)	(10)
Public waste	12	26	-	38
Total waste management reserves	15	61	(47)	28
Total Other reserves	4,663	2,376	(2,289)	4,749
2021				
Asset replacement reserve	576	358	(25)	909
General reserve - Unallocated cash	397	50	-	447
Future calls on defined benefits superannuation	40	-	-	40
Funds carried forward to future years				
Grant funding not yet expended - Operating	602	127	(441)	288
Grant funding not yet expended - Capital	1,518	22	(1,228)	312
Incomplete works - Operating	837	325	(189)	972
Incomplete works - Capital	1,955	183	(458)	1,680
Total funds carried forward to future years	4,911	658	(2,317)	3,252
Waste management reserves				
Kerbside waste*	(21)	43	-	22
Public waste	(24)	36	-	12
Green waste*	18	-	(37)	(20)
Total waste management reserves	(27)	79	(37)	15
Total Other reserves	5,897	1,146	(2,379)	4,663

* Standard kerbside includes previous kerbside waste and green waste.

Asset replacement reserve : Funds are held in this reserve to meet future asset renewal requirements for specific projects earmarked by Council.

General reserve - Unallocated cash : This reserve comprises of the cash surpluses achieved in previous financial years, which have not yet been allocated by Council to specific projects within the Annual Budget

Future calls on defined benefits superannuation: As a hedge against future calls which may be made by Vision Super on the unfunded superannuation liability (defined benefits scheme).

Funds carried forward to future years: The bulk of funds held in these reserves each financial year is with respect to operating and capital projects to be carried forward for completion in future years.

Waste management reserves: Net surplus/(deficit) of waste services.

	2022	2021
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	8,354	(118)
Depreciation	1,325	1,353
(Profit)/loss on disposal of property, infrastructure, plant and equipment	130	540
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(56)	218
(Increase)/decrease in inventories	1	(1)
(Increase)/decrease in prepayments	(10)	2
Increase/(decrease) in accrued income	247	(231)
(Increase)/decrease in regional library equity	5	75
Increase/(decrease) in trade and other payables	33	-
Increase/(decrease) in accrued expenses	180	(28)
Increase/(decrease) in accrued wages	(9)	30
Increase/(decrease) in trust funds and deposits	4	30
Increase/(decrease) in income received in advance	136	(14)
Increase/(decrease) in provisions	(107)	121
Increase/(decrease) in unearned income /revenue	(1,258)	1,692
Net cash provided by/(used in) operating activities	8,971	3,668

9.3 Superannuation

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

Accumulation

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

Defined Benefit

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

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

Funding arrangements

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

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

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

Net investment returns 4.75% pa

Salary information 2.75% pa

Price inflation (CPI) 2.25% pa.

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category.

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

Net investment returns 5.5% pa

Salary information 2.5% pa to 30 June 2023, and 3.5%pa thereafter

Price inflation (CPI) 3.0% pa

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

Employer contributions

(a) Regular contributions

On the basis of the results of the 2021 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

(b) Funding calls

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

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

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

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

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

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

The 2021 interim actuarial investigation surplus amounts

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

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

	2021 (Interim) \$m	2020 (Triennial) \$m
- A VBI Surplus	214.7	100.0
- A total service liability surplus	270.3	200.0
- A discounted accrued benefits surplus	285.2	217.8

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 2021.

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

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

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

The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2022 \$'000	2021 \$'000
Vision super	Defined benefits	10.0% (2021:9.5%)	5	3
Vision super	Accumulation	10.0% (2021:9.5%)	236	234

Unfunded liability payments to Vision Super is \$Nil during the 2021/22 year (2020/21 \$Nil).

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

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$5,500.

10 Change in accounting policy

There have been no changes to accounting policies in the 2021-22 year.

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