

**Greater Shepparton City Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2023

The final statements certified by Council will be to their final form after any changes, recommended or agreed to by the auditor, have been made

Greater Shepparton City Council
Financial Report
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Certification of the Financial Statements

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

Claire Barnes
Principal Accounting Officer
Date :
Shepparton

In our opinion the accompanying financial statements present fairly the financial transactions of the Greater Shepparton City Council for the year ended 30 June 2023 and the financial position of the Council as at that date.

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

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

Cr Shane Sali - Mayor
Councillor
Date :
Shepparton

Cr Anthony Brophy - Deputy Mayor
Councillor
Date :
Shepparton

Peter Harriott
Chief Executive Officer
Date :
Shepparton

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Comprehensive Income Statement For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income / Revenue			
Rates and charges	3.1	87,746	85,018
Statutory fees and fines	3.2	4,241	3,242
User fees	3.3	17,023	15,770
Grants - operating	3.4	39,603	31,251
Grants - capital	3.4	15,354	10,598
Contributions - monetary	3.5	4,007	3,557
Contributions - non monetary	3.5	6,850	9,512
Share of net profits of associates and joint ventures	6.3	-	287
Other income	3.7	2,420	5,845
Total income / revenue		177,244	165,080
Expenses			
Employee costs	4.1	(52,985)	(51,346)
Materials and services	4.2	(61,770)	(47,070)
Depreciation	4.3	(33,914)	(34,466)
Amortisation - intangible assets	4.4	(364)	(730)
Amortisation - right of use assets	4.5	(231)	(250)
Bad and doubtful debts - allowance for impairment losses	4.6	(1,550)	(236)
Share of net loss of associates and joint ventures	6.3	(13)	-
Net loss on disposal of property, infrastructure, plant and equipment	3.6	(3,689)	(5,409)
Finance costs (interest on borrowings)	4.7	(715)	(811)
Unwinding interest effect for provisions	4.7	8,730	185
Finance costs - leases	4.8	(13)	(18)
Other expenses	4.9	(592)	(532)
Total expenses		(147,106)	(140,683)
Surplus for the year		30,138	24,397
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	9.1	21,018	8,880
Total other comprehensive income		21,018	8,880
Total comprehensive result		51,156	33,277

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

Balance Sheet As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	37,376	32,245
Trade and other receivables	5.1	16,608	17,538
Other financial assets	5.1	12,000	16,000
Inventories	5.2	125	159
Prepayments	5.2	1,372	1,707
Non-current assets classified as held for sale	6.1	454	711
Other assets	5.2	1,723	97
Total current assets		69,658	68,457
Non-current assets			
Investments in associates, joint arrangements and subsidiaries	6.3	1,872	1,885
Property, infrastructure, plant and equipment	6.2	1,325,909	1,294,864
Right-of-use assets	5.8	262	400
Intangible assets	5.2	36,511	32,749
Total non-current assets		1,364,554	1,329,898
Total assets		1,434,212	1,398,355
Liabilities			
Current liabilities			
Trade and other payables	5.3	11,830	13,986
Trust funds and deposits	5.3	6,047	5,103
Unearned income/revenue	5.3	3,466	8,642
Provisions	5.5	10,616	11,765
Interest-bearing liabilities	5.4	2,870	2,780
Lease liabilities	5.8	146	158
Total current liabilities		34,975	42,434
Non-current liabilities			
Provisions	5.5	19,159	24,000
Interest-bearing liabilities	5.4	15,553	18,423
Lease liabilities	5.8	133	262
Total non-current liabilities		34,845	42,685
Total liabilities		69,820	85,119
Net assets		1,364,392	1,313,236
Equity			
Accumulated surplus		530,006	499,868
Reserves	9.1	834,386	813,368
Total Equity		1,364,392	1,313,236

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

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

2023	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
Balance at beginning of the financial year		1,313,236	499,868	813,368
Surplus for the year		30,138	30,138	-
Net asset revaluation increment	9.1	21,018	-	21,018
Balance at end of the financial year		1,364,392	530,006	834,386

2022		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
Balance at beginning of the financial year		1,279,959	475,471	804,488
Surplus for the year		24,397	24,397	-
Net asset revaluation increment	9.1	8,880	-	8,880
Balance at end of the financial year		1,313,236	499,868	813,368

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 2023

	Note	2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		85,501	83,402
Statutory fees and fines		3,258	2,793
User fees		17,023	15,770
Grants - operating		42,367	31,251
Grants - capital		7,415	10,598
Contributions - monetary		4,007	3,557
Interest received		838	94
Trust funds and deposits taken		943	1,447
Other receipts		2,253	5,141
Net GST refund/(payment)		311	(560)
Employee costs		(53,509)	(51,615)
Materials and services		(65,732)	(50,122)
Net cash provided by operating activities	9.2	44,675	51,756
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(40,652)	(52,001)
Proceeds from sale of property, infrastructure, plant and equipment		856	1,294
Proceeds from sale of investments		4,000	-
Payments for investments		-	(8,000)
Net cash used in investing activities		(35,796)	(58,707)
Cash flows from financing activities			
Finance costs		(722)	(816)
Proceeds from borrowings		-	-
Repayment of borrowings		(2,780)	(2,703)
Interest paid - lease liability		(11)	(18)
Repayment of lease liabilities		(235)	(252)
Net cash provided by/(used in) financing activities		(3,748)	(3,789)
Net increase/(decrease) in cash and cash equivalents		5,131	(10,740)
Cash and cash equivalents at the beginning of the financial year		32,245	42,985
Cash and cash equivalents at the end of the financial year	5.1	37,376	32,245
Financing arrangements	5.6		

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

Statement of Capital Works For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Property			
Land		324	12
Land improvements		1,212	229
Total land		1,536	241
Buildings		1,413	1,868
Total buildings		1,413	1,868
Total property		2,949	2,109
Plant and equipment			
Plant, machinery and equipment		3,178	3,874
Fixtures, fittings and furniture		136	336
Computers and telecommunications		647	82
Total plant and equipment		3,961	4,292
Infrastructure			
Roads		24,182	26,099
Bridges		250	1,254
Footpaths and cycleways		1,754	3,359
Drainage		626	3,410
Recreational, leisure and community facilities		5,031	4,151
Waste management		1,413	4,629
Parks, open space and streetscapes		1,801	1,978
Aerodromes		-	362
Other infrastructure		503	358
Total infrastructure		35,560	45,600
Total capital works expenditure		42,470	52,001
Represented by:			
New asset expenditure		4,959	7,181
Asset renewal expenditure		19,555	24,328
Asset expansion expenditure		3,296	3,545
Asset upgrade expenditure		14,660	16,947
Total capital works expenditure		42,470	52,001

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

NOTE 1 Overview

Introduction

The Greater Shepparton City Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate. The Council's main office is located at 90 Welsford Street, Shepparton, Victoria, 3630.

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

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

The accrual basis of accounting has been used in the preparation of these financial statements, 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 landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit* (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)
- other areas requiring judgements.

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

Goods and Services Tax (GST)

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

Significant accounting policies (ctd)

(b) Impact of COVID-19

During March of 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 in place from August 2020 to December 2021.

As a result, comparative figures (2022 results) within this report are impacted by restricted activity directions that were in place throughout the financial year, resulting in reduced user fee income for facilities including Aquamoves and Performing Arts and additional grant funding to aid economic recovery. Outstanding rates debtors balances were also impacted due to additional flexibility afforded to ratepayers.

2022/2023 results are not impacted by the COVID-19 pandemic.

(c) Impact of October 2022 Flood Event

On 15 October 2022 Greater Shepparton was impacted by significant flooding. This affected community members significantly, as well as Council operations and assets.

Additional revenue and expenditure falls into 3 categories: National Disaster Recovery Arrangement, Insurance and other financial support.

Initial relief and recovery activities undertaken by Council, in addition to damage to essential infrastructure assets such as roads and bridges are covered under the National Disaster Funding Arrangement (NDFA). Council incurred \$3.13 million of expenditure during 2022/23 that will be claimed under this fund, mostly in relation to employee costs and materials and services. Council received an advance payment under this arrangement during 2022/23, with \$2.19 million of revenue recognised.

Damage to non-essential infrastructure assets such as buildings, plant, fixtures and fittings is covered by insurance. Council incurred \$2.76 million of expenditure relating to insured assets in 2022/23, with \$1 million of revenue recognised. A contingent asset is disclosed for claims in progress.

Business interruption losses are estimated to be \$1.1 million at balance date and are disclosed as a contingent asset as insurance claims are still in progress.

Funding for other relief and recovery programs received in 2022/23 include \$1.5m from the State Government Council Flood Support Fund, \$512,000 from Emergency Recovery Victoria for Community Recovery Officers, \$1.02 million from Emergency Management Victoria for Recovery Hubs and \$17,000 for Social Recovery Activities. Expenditure against these programs in 2022/23 totalled \$365,000, with delivery programmed through until June 2025.

Council's impacted assets have been assessed for impairment, with \$3.83m of impairment recognised. Refer note 6.

Outstanding rates debtor balances increased during COVID due to flexibility afforded to ratepayers in repaying outstanding balances and no referral for formal debt collection. This additional flexibility was carried through the flood period, with Council's rate receivables balance reflecting limited recovery activity. Collection has resumed and Council has a high level of assurance of future collectability of these secured debts.

Note 2 Analysis of our result

2.1 Performance against budget

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

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

2.1.1 Income/Revenue and expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Income/Revenue					
Rates and charges	87,081	87,746	665	0.8%	
Statutory fees and fines	3,078	4,241	1,163	37.8%	1
User fees	19,176	17,023	(2,153)	(11.2%)	2
Grants - operating	16,017	39,603	23,586	147.3%	3
Grants - capital	41,371	15,354	(26,017)	(62.9%)	4
Contributions - monetary	703	4,007	3,304	470.0%	5
Contributions - non monetary	11,300	6,850	(4,450)	(39.4%)	6
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(953)	(3,689)	(2,736)	287.1%	7
Other income	1,056	2,420	1,364	129.2%	8
Total income/revenue	178,829	173,555	(5,274)	(2.9%)	
Expenses					
Employee costs	57,250	52,985	4,265	7.4%	
Materials and services	53,293	61,770	(8,477)	(15.9%)	9
Depreciation	36,609	33,914	2,695	7.4%	
Amortisation - Intangible assets	550	364	186	33.8%	10
Amortisation - Right of use assets	154	231	(77)	(50.0%)	
Bad and doubtful debts- allowance for impairment losses	62	1,550	(1,488)	(2400.0%)	11
Share of net losses of associates and joint ventures	-	13	(13)	100.0%	
Finance costs (interest on borrowings)	714	715	(1)	(0.1%)	
Unwinding interest effect for provisions	-	(8,730)	8,730	100.0%	12
Finance costs - Leases	12	13	(1)	(8.3%)	
Other expenses	688	592	96	14.0%	
Total expenses	149,332	143,417	5,915	4.0%	
Surplus/(deficit) for the year	29,497	30,138	(641)	(2.2%)	

2.1.1 Income/Revenue and expenditure (ctd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	More than budget by \$1.163m largely due to increased parking infringement revenue and fewer planning scheme amendments and planning panel fees recouped.
2	User fees	Less than budget by \$2.153m largely due to decreases in Early Years revenues from user fees, the impact of the October 2022 Flood on facilities including Aquamoves, Performing Arts and the Caravan Park, the closure of the Riverlinks Cafe and lower Saleyard selling fees than anticipated, offset by increased Waste Management fees.
3	Grants - operating	More than budget by \$23.586m largely due to additional grant funding in response to the October 2022 Flood, in addition to early receipt of 100% of the 2023/24 Federal Financial Assistance Grants allocation \$16.3m.
4	Grants - capital	Less than budget by \$26.017m largely due to capital works budgeted for in 2022/2023, now to be completed in future years, including the Knight and Hawdon Street and Fryers and Thompson Street Intersections and the Strategic Cycling Corridor, due to availability of grant funding. Also impacted by delivery of Maude Street Mall Project under budget.
5	Contributions - monetary	More than budget by \$3.304m largely due to timing of developer contributions and funds from insurance claims as a result of the October 2022 Flood.
6	Contributions - non monetary	Less than budget by \$4.450m largely due to the timing of completion of developer gifted assets.
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Less than budget by \$2.165m largely due to the write off of assets disposed as part of capital works projects and building assets written off due to October 2022 Flood \$926k.
8	Other income	More than budget by \$1.364m largely due to additional interest revenues from investment resulting from favourable interest rates.
9	Materials and services	More than budget by \$8.477m largely due to the impact of the October 2022 Flood, including initial relief and recovery, insurance works and immediate
10	Amortisation - Intangible assets	Less than budget by \$186k reflecting the airspace asset consumed through disposal of landfill at Cosgrove 3.
11	Bad and doubtful debts- allowance for impairment losses	More than budget by \$1.488m mostly due to review of the expected credit loss model for parking infringement debtors.
12	Unwinding interest effect for provisions	Less than budget by \$8.730m due to the impact of changes to indexation and discount rates used in the fair value assessment of Council's landfill provision.

2.1.2 Capital works

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	-	324	324	100.0%	1
Land improvements	1,657	1,212	(445)	(26.9%)	2
Buildings	2,592	1,413	(1,179)	(45.5%)	3
Total property	4,249	2,949	(1,300)	(30.6%)	
Plant, machinery and equipment	5,245	3,178	(2,067)	(39.4%)	4
Fixtures, fittings and furniture	283	136	(147)	(51.9%)	5
Computers and telecommunications	279	647	368	131.9%	6
Total plant and equipment	5,807	3,961	(1,846)	(31.8%)	
Infrastructure					
Roads	32,683	24,182	(8,501)	(26.0%)	7
Bridges	701	250	(451)	(64.3%)	8
Footpaths and cycleways	7,693	1,754	(5,939)	(77.2%)	9
Drainage	444	626	182	41.0%	10
Recreational, leisure and community facilities	5,930	5,031	(899)	(15.2%)	11
Waste management	1,115	1,413	298	26.7%	12
Parks, open space and streetscapes	2,271	1,801	(470)	(20.7%)	13
Other infrastructure	535	503	(32)	(6.0%)	
Total infrastructure	51,372	35,560	(15,812)	(30.8%)	
Project Management Office	1,168	-	(1,168)	(100.0%)	
Total capital works expenditure	62,596	42,470	(20,126)	(32.2%)	
Represented by:					
New asset expenditure	5,231	4,959	(272)	(5.2%)	
Asset renewal expenditure	21,599	19,555	(2,044)	(9.5%)	
Asset expansion expenditure	31,668	3,296	(28,372)	(89.6%)	
Asset upgrade expenditure	4,098	14,660	10,562	257.7%	
Total capital works expenditure	62,596	42,470	(20,126)	(32.2%)	

2.1.2 Capital works (ctd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	More than budget by \$324k due to the Farquharson land acquisition, originally budgeted for in 2021/2022 and finalised in 2022/2023.
2	Land improvements	Less than budget by \$445k largely due to SAM Precinct Works being completed under budget and the rebudget of the Katandra West Hall project into 2023/2024, offset by Vaughan and Rowe Street Streetscaping works not budgeted for.
3	Buildings	Less than budget by \$1.179m largely due to difficulties engaging contractors for building renewals due to the October 2022 Floods, in addition to underspend against the Zero Emissions Project.
4	Plant, machinery and equipment	Less than budget by \$2.067m largely due to extended lead times for fleet, delaying delivery into 2023/2024.
5	Fixtures, fittings and furniture	Less than budget by \$147k largely due to carry over of Christmas Decorations and Riverlinks Cyc Lights projects into 2023/2024.
6	Computers and telecommunications	More than budget by \$368k largely due to the addition of the multi-year desktop refresh project and deferral of the firewall upgrade into 2023/2024.
7	Roads	Less than budget by \$8.501m largely due to deferral of major roads projects into future years due to availability of grant funding, including the Knight and Hawdon Intersection, Fryers Street and Railway Parade Upgrade.
8	Bridges	Less than budget by \$451k largely due to the deferral of Watt Road and Toolamba bridge works into 2023/2024.
9	Footpaths and cycleways	Less than budget by \$5.939m largely due to the deferral of the Strategic Cycling Project into future years due to availability of grant funding.
10	Drainage	More than budget by \$182k largely due to additional expenditure arising following the October 2022 Flood including Lenne Street Drainage Investigation and Design and other Pump Renewals.
11	Recreational, leisure and community facilities	Less than budget by \$899k largely due to reduction in budget required to deliver the Vibert Reserve Pavilion Redevelopment project.
12	Waste management	More than budget by \$298k largely due to a change in scope for the Cosgrove 2 Cell 4 Capping project in order to meet EPA requirements.
13	Parks, open space and streetscapes	Less than budget by \$470k largely due to the deferral of the McLennan Street Landscaping project into future years and Bike Jumps project into 2023/2024.

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following Directorates.

2.2.1 Community

The Community Directorate includes services for Community, Early Years, Active Living, Performing Arts, Shepparton Art Museum, Library and Emergency Management.

Corporate Services

The Corporate Services Directorate includes Finance and Rates, Information and Communication Technology, Communications and Engagement, People and Development and Corporate Governance.

Infrastructure

The Infrastructure Directorate services includes Parks Sport & Recreation, Resource Recovery, Project Delivery, Infrastructure Maintenance and Engineering & Assets.

Sustainable Development

The Sustainable Development Directorate provides Building, Planning and Compliance, Environment and Economic Development Services.

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

	Income/Revenue	Expenses	Surplus/(Deficit)	Grants included in income/revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Community	22,242	(33,112)	(10,870)	16,781	1,872
Corporate Services	105,632	(52,990)	52,642	20,270	69,658
Infrastructure	41,756	(43,112)	(1,356)	17,071	1,362,682
Sustainable Development	7,614	(17,892)	(10,278)	835	-
	177,244	(147,106)	30,138	54,957	1,434,212

	Income/Revenue	Expenses	Surplus/(Deficit)	Grants included in income/revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Community	16,601	(29,278)	(12,677)	10,534	1,886
Corporate Services	98,704	(50,117)	48,587	14,164	68,457
Infrastructure	42,959	(45,952)	(2,993)	15,437	1,328,002
Sustainable Development	6,816	(15,336)	(8,520)	1,714	10
	165,080	(140,683)	24,397	41,849	1,398,355

2022 Comparison figures have been restated to allow more accurate comparison due classification adjustments

Note 3 Funding for the delivery of our services	2023	2022
3.1 Rates and charges	\$'000	\$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its market value, which takes into account the land and all improvements fixed to the land.

The valuation base used to calculate general rates for 2022/23 was \$16.246 billion (2021/22 \$12.954 billion).

General rates	67,551	66,672
Municipal charge	6,237	6,156
Waste management charge	11,543	10,645
Supplementary rates and rate adjustments	1,785	1,312
Interest on rates and charges	630	233
Total rates and charges	87,746	85,018

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

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

3.2 Statutory fees and fines

Infringements and costs	2,227	1,366
Town planning fees	611	673
Land information certificates	83	89
Permits	1,319	1,112
Other	1	2
Total statutory fees and fines	4,241	3,242

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

3.3 User fees

Aged and health services	15	308
Animal control	157	86
Aquatic facilities	2,433	1,912
Arts and culture	418	665
Child services	1,738	1,691
Development facilities	726	748
Environmental health	14	15
Financial services	84	122
Parking	870	523
Recreation facilities	770	497
Saleyards	1,149	1,224
Tourism	283	663
Waste management services	7,713	6,884
Other fees and charges	653	432
Total user fees	17,023	15,770

User fees by timing of revenue recognition

User fees recognised at a point in time	17,023	15,770
Total user fees	17,023	15,770

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	2023	2022
Grants were received in respect of the following:	\$'000	\$'000
Summary of grants		
Commonwealth funded grants	36,695	27,817
State funded grants	18,262	14,032
Total grants received	54,957	41,849
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	20,206	14,096
Early Years	4,019	3,334
Community Wellbeing	-	744
Projects	-	4,337
Environmental Health	29	4
Recurrent - State Government		
Community Wellbeing	193	185
Early Years	6,113	5,043
Environmental Health	236	184
Emergency Management	242	100
Economic Development	-	120
Active Living	53	-
Information and Communications Technology	9	-
Total recurrent operating grants	31,100	28,147
Non-recurrent - Commonwealth Government		
Early Years	10	24
Parks, Sport and Recreation	171	-
Infrastructure	1,265	-
Economic Development	218	50
Building, Planning and Compliance	-	75
Non-recurrent - State Government		
Early Years	338	428
Performing Arts and Conventions	125	125
Community Wellbeing	313	352
Director Community	110	40
October 2022 Flood	5,237	-
Active Living	30	160
Environmental	231	24
Finance and Rates	-	68
Economic Development	104	1,231
Infrastructure	336	290
Building, Planning and Compliance	15	26
Parks, Sport and Recreation	-	66
Works and Waste	-	145
Total non-recurrent operating grants	8,503	3,104
Total operating grants	39,603	31,251

3.4 Funding from other levels of government (ctd)	2023	2022
(b) Capital Grants	\$'000	\$'000
Recurrent - Commonwealth Government		
Infrastructure	1,280	2,033
Recurrent - State Government		
Total recurrent capital grants	1,280	2,033
Non-recurrent - Commonwealth Government		
Infrastructure	9,497	3,120
Non-recurrent - State Government		
Arts and Culture	80	2,489
Infrastructure	4,437	2,561
Plant and equipment	60	395
Total non-recurrent capital grants	14,074	8,565
Total capital grants	15,354	10,598

(c) Recognition of grant income

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

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

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies AASB 1058 *Income 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.

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

General purpose	20,206	14,096
Specific purpose grants to acquire non-financial assets	7,258	9,231
Other specific purpose grants	19,397	16,217
Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>		
Specific purpose grants	8,096	2,305
	54,957	41,849

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

Balance at start of year	148	1,086
Received during the financial year and remained unspent at balance date	2,763	-
Received in prior years and spent during the financial year	-	(938)
Balance at year end	2,911	148

Capital

Balance at start of year	8,494	7,354
Received during the financial year and remained unspent at balance date	157	2,507
Received in prior years and spent during the financial year	(8,096)	(1,367)
Balance at year end	555	8,494

Unspent grants are determined and disclosed on a cash basis

3.5 Contributions	2023 \$'000	2022 \$'000
Monetary	4,007	3,557
Non-monetary	6,850	9,512
Total contributions	10,857	13,069

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

Land	409	89
Roads	3,648	5,652
Other infrastructure	2,793	3,771
Total non-monetary contributions	6,850	9,512

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

3.6 Net loss on disposal of property, infrastructure, plant and equipment

Proceeds of sale	929	1,294
Written down value of assets disposed	(4,618)	(6,539)
Minor assets expensed	-	(164)
Total net loss on disposal of property, infrastructure, plant and equipment	(3,689)	(5,409)

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

3.7 Other income

Interest	939	158
Rent	431	343
Other	1,050	1,447
Water Shares	-	3,897
Total other income	2,420	5,845

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.

Water Shares represents the gain on initial recognition of existing Water Shares as an intangible asset per AASB 138 *Intangible Assets*. These water shares are existing holdings largely resulting from the unbundling of water rights in 2007.

Note 4 The cost of delivering services	2023	2022
4.1 (a) Employee costs	\$'000	\$'000
Wages and salaries	47,544	46,324
WorkCover	453	232
Superannuation	4,984	4,802
Fringe benefits tax	4	(12)
Total employee costs	52,985	51,346
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	131	131
Employer contributions - other funds	-	2
	131	133
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,566	2,667
Employer contributions - other funds	2,287	2,002
	4,853	4,669
Employer contributions payable at reporting date.	38	36

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

4.2 Materials and services

Utilities	2,958	2,716
Training and development	553	492
Information technology	2,577	2,596
Building maintenance	3,105	2,572
Motor vehicle expenses	1,905	1,669
General maintenance	5,980	4,393
Insurance	1,514	1,351
Waste management	11,912	9,824
Advertising and marketing	1,111	1,226
Consultants	1,865	1,635
EPA Levy	1,699	1,921
Legal fees	1,284	833
Sponsorships and contributions	5,483	5,552
October 2022 flood event	6,075	-
Non-Council asset works	2,691	66
Operational supplies and services	11,058	10,224
Total materials and services	61,770	47,070

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

2022 Comparison figures have been restated to allow more accurate comparison due to classification adjustments.

4.3 Depreciation

Property	3,373	3,202
Plant and equipment	2,589	2,519
Infrastructure	27,952	28,745
Total depreciation	33,914	34,466

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

4.4 Amortisation - Intangible assets	2023 \$'000	2022 \$'000
Cosgrove Landfill Airspace	364	730
Total Amortisation - Intangible assets	364	730
4.5 Amortisation - Right of use assets		
Property	10	11
Vehicles	221	234
Other	-	5
Total Amortisation - Right of use assets	231	250
4.6 Bad and doubtful debts - allowance for impairment losses		
Parking fine debtors	1,433	223
Other debtors	117	13
Total bad and doubtful debts - allowance for impairment losses	1,550	236
Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	(404)	(290)
New provisions recognised during the year	(1,549)	(236)
Amounts already provided for and written off as uncollectible	366	122
Balance at end of year	(1,587)	(404)
An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.		
4.7 Financing costs		
Interest - Borrowings	715	811
Unwinding interest effect for provisions	(8,730)	(185)
Total borrowing costs	(8,015)	626
Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.		
Council recognises the net present value (NPV) of its future liabilities for employee benefits and landfill rehabilitation and aftercare costs. Accounting standards required the effect of any change to the liability caused by movement in indexation and discount rates used to calculate the NPV, known as the unwinding interest effect, to be recognised as a finance cost.		
4.8 Finance costs - leases		
Interest - Lease liabilities	13	18
Total finance costs	13	18
4.9 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	76	62
Auditors' remuneration - Internal Audit	69	53
Councillors' allowances	343	324
Other Lease expense	104	93
Total other expenses	592	532

Note 5 Our financial position	2023	2022
5.1 Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	11	12
Cash at bank	25,365	16,233
Cash equivalent deposits	12,000	16,000
Total cash and cash equivalents	<u>37,376</u>	<u>32,245</u>
(b) Other financial assets		
Current		
Term deposits - current	12,000	16,000
Total other financial assets	<u>12,000</u>	<u>16,000</u>
Total financial assets	<u>49,376</u>	<u>48,245</u>

Cash and cash equivalents included cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less net of outstanding bank overdrafts.

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

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.

5.1 Financial assets (ctd)

(c) Trade and other receivables	2023	2022
	\$'000	\$'000
Current		
<i>Statutory receivables</i>		
Rates debtors	10,552	8,308
Infringement debtors	2,885	2,371
Provision for doubtful debts - infringements	(1,471)	(390)
Net GST receivable	1,228	1,538
<i>Non-statutory receivables</i>		
Other debtors	3,530	5,724
Provision for doubtful debts - other debtors	(116)	(13)
Total current trade and other receivables	16,608	17,538

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.

Rates debtors year-end balance has increased compared to prior year mainly due to the continued flexibility Council afforded ratepayers due to the October 2022 Flood (no referral of outstanding debts to formal debt recovery) and in line with the budgeted increase in total rates and charges. This was an extension of provisions afforded to ratepayers throughout the COVID pandemic. Council has a high level of assurance of future collectability of the balances as secured debts and has recommenced debt recovery activity.

(d) Ageing of Receivables

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

Current (not yet due)	1,926	4,713
Past due by up to 30 days	530	831
Past due between 31 and 60 days	67	25
Past due by more than 90 days	143	44
Past due by more than 1 year	864	111
Total trade and other receivables	3,530	5,724

Ageing of individually impaired Receivables

At balance date, other debtors including sundry debtors with a nominal value of \$115,529 (2022: \$12,753) were impaired. In determining the value of the provision for doubtful debts required, and expected credit loss model was used, incorporating a combination of historical trends, knowledge of individual issues and forward-looking expected losses. The amount of the provision raised against these debtors was \$115,529, (2022: \$12,753). Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	3	-
Past due by up to 30 days	4	2
Past due between 31 and 60 days	-	1
Past due between 61 and 90 days	3	2
Past due by more than 91 days	106	8
Total trade and other receivables	116	13

5.2 Non-financial assets	2023	2022
(a) Inventories	\$'000	\$'000
Inventories held for distribution	125	159
Total inventories	125	159

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	1,372	1,707
Accrued income	1,723	97
Total other assets	3,095	1,804

(c) Intangible assets

Landfill air space	31,397	27,635
Water shares	5,114	5,114
Total intangible assets	36,511	32,749

	Water shares	Landfill air	Total
	\$'000	space	\$'000
		\$'000	
Gross carrying amount			
Balance at 1 July 2022	5,114	29,706	34,820
Additions/(Reductions) for period	-	4,126	4,126
Fair value movement	-	-	-
Balance at 30 June 2023	5,114	33,832	38,946
Accumulated amortisation and impairment			
Balance at 1 July 2022	-	(2,071)	(2,071)
Amortisation expense	-	(364)	(364)
Balance at 30 June 2023	-	(2,435)	(2,435)
Net book value at 30 June 2022	5,114	31,777	36,891
Net book value at 30 June 2023	5,114	31,397	36,511

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

Water shares are measured using the revaluation model per AASB 138 *Intangible Assets* with fair value determined with reference to the active permanent water share market. Water shares are deemed to have an infinite life and are therefore not amortised.

5.3 Payables, trust funds and deposits and unearned income/revenue	2023	2022
(a) Trade and other payables	\$'000	\$'000
Current		
<i>Non-statutory payables</i>		
Trade payables	2,610	561
Prepaid income	41	29
Accrued expenses	6,467	11,431
Other payables	2,712	1,965
Total current trade and other payables	11,830	13,986

5.3 Payables, trust funds and deposits and unearned income/revenue (ctd)

(b) Trust funds and deposits	2023	2022
	\$'000	\$'000
Current		
Refundable deposits	4,175	2,877
Fire services levy	756	604
Retention amounts	1,116	1,622
Total current trust funds and deposits	6,047	5,103
(c) Unearned income/revenue		
Current		
Grants received in advance - operating	2,911	148
Grants received in advance - capital	555	8,494
Total current unearned income/revenue	3,466	8,642

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

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

Purpose and nature of items

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

Current		
Bank Borrowings - secured	2,870	2,780
	2,870	2,780
Non-current		
Bank Borrowings - secured	15,553	18,423
	15,553	18,423
Total	18,423	21,203

Borrowings are secured by general rates.

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

Not later than one year	2,870	2,780
Later than one year and not later than five years	10,346	11,559
Later than five years	5,207	6,864
	18,423	21,203

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

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition. At present, all Council's borrowings are classified at amortised cost.

5.5 Provisions

	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
2023			
Balance at beginning of the financial year	11,915	23,850	35,765
Additions to provisions	2,873	4,234	7,107
Amounts used	(3,216)	(1,151)	(4,367)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(154)	(8,576)	(8,730)
Balance at the end of the financial year	11,418	18,357	29,775
2022			
Balance at beginning of the financial year	13,231	26,686	39,917
Additions to provisions	2,818	(1,333)	1,485
Amounts used	(3,308)	(2,144)	(5,452)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(826)	641	(185)
Balance at the end of the financial year	11,915	23,850	35,765
Summary of provisions		2023 \$'000	2022 \$'000
Total current provisions		10,616	11,765
Total non-current provisions		19,159	24,000
Total provisions		29,775	35,765
(a) Employee provisions			
Current provisions expected to be wholly settled within 12 months			
Annual leave		3,329	3,287
Long service leave		634	860
		3,963	4,147
Current provisions expected to be wholly settled after 12 months			
Annual leave		1,182	1,222
Long service leave		5,319	5,352
		6,501	6,574
Total current employee provisions		10,464	10,721
Non-current			
Long service leave		954	1,194
Total non-current employee provisions		954	1,194
Aggregate carrying amount of employee provisions:			
Current		10,464	10,721
Non-current		954	1,194
Total aggregate carrying amount of employee provisions		11,418	11,915

5.5 Provisions (ctd)

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

Annual leave

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

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

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

Long service leave

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

Key assumptions:

- discount rate 4.063%
- index rate 1.800%

	2023	2022
	\$'000	\$'000
(b) Landfill restoration		
Current	152	1,044
Non-current	18,205	22,806
Total landfill restoration	18,357	23,850

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

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

Key assumptions:

- discount rate 5.16% - 5.95% 2.38% - 3.85%
- index rate 3.00% 2.9%
- estimated cost to rehabilitate 32,820 31,449

Discount rate was obtained from the G100 (Group of 100) and indexation rate was obtained from the Australian Bureau of Statistics (Consumer Price Index forecast).

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2023.

Bank guarantees	200	200
Credit card facilities	120	120
Interest bearing loans	20,423	23,203
Total facilities	20,743	23,523
<i>Used facilities</i>		
Bank guarantees	30	30
Credit card facilities	17	28
Interest bearing loans	18,423	21,203
Total used facilities	18,470	21,261
Unused facilities	2,273	2,262

5.7 Commitments

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

(a) Commitments for expenditure

2023	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Kerbside collection and disposal	7,188	7,440	7,700	-	22,328
Open space management	383	-	-	-	383
Operational supplies and services	6,916	5,633	378	-	12,927
Cleaning contracts for council buildings	476	-	-	-	476
Total	14,963	13,073	8,078	-	36,114
Capital					
Buildings	2,792	-	-	-	2,792
Roads	722	-	-	-	722
Waste	-	-	-	-	-
Other	193	-	-	-	193
Total	3,707	-	-	-	3,707
<hr/>					
2022	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Kerbside collection and disposal	6,058	6,388	-	-	12,446
Open space management	370	383	-	-	753
Operational supplies and services	5,928	5,698	5,209	31	16,866
Cleaning contracts for council buildings	510	-	-	-	510
Total	12,866	12,469	5,209	31	30,575
Capital					
Buildings	3,613	-	-	-	3,613
Roads	75	-	-	-	75
Waste	798	-	-	-	798
Other	7,289	-	-	-	7,289
Total	11,775	-	-	-	11,775

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.

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

Right-of-Use Assets	Property	Vehicles	Other	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	10	390	-	400
Additions	-	93	-	93
Amortisation charge	(10)	(221)	-	(231)
Balance at 30 June 2023	-	262	-	262
			2023	2022
			\$'000	\$'000
Lease Liabilities				
Maturity analysis - contractual undiscounted cash flows				
Less than one year			152	169
One to five years			135	271
Total undiscounted lease liabilities as at 30 June:			287	440
Lease liabilities included in the Balance Sheet at 30 June:				
Current			146	158
Non-current			133	262
Total lease liabilities			279	420

5.8 Leases (ctd)**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 \$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.

	2023	2022
	\$'000	\$'000
Expenses relating to:		
Short-term leases	6	6
Leases of low value assets	99	86
Total	105	92
Variable lease payments (not included in measurement of lease liabilities)	-	-

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

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

Payable:

Within one year	95	95
Later than one year but not later than five years	43	138
Total lease commitments	138	233

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

Cost of acquisition	711	700
Revaluation	140	11
Transfer to Land	(397)	-
Total non current assets classified as held for sale	454	711

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 2022	Additions	Contributions	Revaluation	Depreciation	Disposal	Impairment	Write-off	Transfers from WIP	Held for Sale Transfers	Transfers	Carrying amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	121,350	657	379	26,763	(492)	(994)	-	-	781	397	(2,547)	146,294
Buildings	139,585	1,978	-	15,530	(2,881)	(964)	(328)	-	2,611	-	(828)	154,703
Plant and equipment	34,979	1,130	-	46	(2,589)	(84)	-	-	-	-	-	33,482
Infrastructure	972,294	1,951	6,471	(17,633)	(27,952)	(2,476)	(3,501)	-	2,694	-	3,375	935,223
Work in progress	26,656	35,736	-	-	-	-	-	(99)	(6,086)	-	-	56,207
	1,294,864	41,452	6,850	24,706	(33,914)	(4,518)	(3,829)	(99)	-	397	-	1,325,909

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	3,397	2,108	-	(3,197)	2,308
Plant and equipment	459	2,551	-	(57)	2,953
Infrastructure	22,800	31,077	(99)	(2,832)	50,946
Total	26,656	35,736	(99)	(6,086)	56,207

6.2 Property, infrastructure, plant and equipment (ctd)

(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	39,761	62,278	21,201	123,240	33,605	151,320	184,925	3,397	311,562
Accumulated depreciation at 1 July 2022	-	-	(1,890)	(1,890)	(11,785)	(33,554)	(45,339)	-	(47,229)
	39,761	62,278	19,311	121,350	21,820	117,766	139,586	3,397	264,333
Movements in fair value									
Additions	-	-	638	638	-	1,920	1,920	2,108	4,666
Additions - WIP	-	-	799	799	280	2,384	2,664	(3,197)	266
Contributions	56	-	324	380	-	-	-	-	380
Revaluation	21,926	4,779	86	26,791	9,893	9,575	19,468	-	46,259
Disposal	-	(675)	(327)	(1,002)	(1)	(1,979)	(1,980)	-	(2,982)
Impairment losses recognised in revaluation reserve	-	-	(22)	(22)	-	(328)	(328)	-	(350)
Write-off	-	-	-	-	-	5	5	-	5
Transfers	-	229	(2,519)	(2,290)	966	(1,417)	(451)	-	(2,741)
	21,982	4,333	(1,021)	25,294	11,138	10,160	21,298	(1,089)	45,503
Movements in accumulated depreciation									
Depreciation	-	-	(492)	(492)	(905)	(1,976)	(2,881)	-	(3,373)
Accumulated depreciation of disposals	-	-	7	7	-	448	448	-	455
Revaluation	-	-	(5)	(5)	(798)	(3,140)	(3,938)	-	(3,943)
Transfers	-	-	140	140	(59)	249	190	-	330
	-	-	(350)	(350)	(1,762)	(4,419)	(6,181)	-	(6,531)
At fair value 30 June 2023	61,743	66,611	20,180	148,534	44,743	161,480	206,223	2,308	357,065
Accumulated depreciation at 30 June 2023	-	-	(2,240)	(2,240)	(13,547)	(37,973)	(51,520)	-	(53,760)
Carrying amount	61,743	66,611	17,940	146,294	31,196	123,507	154,703	2,308	303,305

6.2 Property, infrastructure, plant and equipment (ctd)

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	19,141	23,926	3,817	459	47,344
Accumulated depreciation at 1 July 2022	(8,119)	(2,310)	(1,477)	-	(11,906)
	11,022	21,616	2,340	459	35,437
Movements in fair value					
Additions	1,055	75	-	2,495	3,625
Additions - WIP	-	-	-	-	-
Revaluation	-	47	-	-	47
Disposal	(671)	-	-	-	(671)
Transfers	-	-	-	-	-
	384	122	-	2,495	3,001
Movements in accumulated depreciation					
Depreciation	(1,970)	(229)	(390)	-	(2,589)
Accumulated depreciation of disposals	587	-	-	-	587
Transfers	-	-	-	-	-
	(1,383)	(229)	(390)	-	(2,002)
At fair value 30 June 2023	19,525	24,048	3,817	2,954	50,345
Accumulated depreciation at 30 June 2023	(9,502)	(2,539)	(1,867)	-	(13,908)
Carrying amount	10,023	21,509	1,950	2,954	36,436

6.2 Property, infrastructure, plant and equipment (ctd)

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	796,775	31,669	89,952	193,088	173,529	36,885	64,254	13,946	13,465	19,820	22,800	1,456,183
Accumulated depreciation at 1 July 2022	(270,196)	(15,577)	(26,027)	(66,403)	(57,501)	(5,600)	(8,318)	(2,031)	(1,275)	(8,161)	-	(461,089)
	526,579	16,092	63,925	126,685	116,028	31,285	55,936	11,915	12,190	11,659	22,800	995,094
Movements in fair value												
Additions	280	-	1,016	266	43	-	294	-	-	52	31,077	33,028
Additions - WIP	765	182	397	452	207	-	308	-	-	382	(2,833)	(140)
Contributions	3,332	-	891	1,698	-	-	550	-	-	-	-	6,471
Revaluation	(31,165)	-	-	(3,206)	12,260	2,878	9,821	(3,780)	5,076	-	-	(8,116)
Disposal	(1,358)	-	(121)	(745)	(1,597)	-	(98)	(178)	-	(474)	(99.00)	(4,670)
Impairment losses recognised in revaluation reserve	(3,331)	-	-	-	(160)	-	-	-	(10)	-	-	(3,501)
Write-off	-	3	1	148	3,221	578	(258)	8	9	(5)	-	3,705
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
	(31,477)	185	2,184	(1,387)	13,974	3,456	10,617	(3,950)	5,075	(45)	28,145	26,777
Movements in accumulated depreciation												
Depreciation	(18,266)	(356)	(1,430)	(1,965)	(3,645)	(844)	(725)	(141)	(84)	(496)	-	(27,952)
Accumulated depreciation of disposals	694	-	9	90	1,000	-	64	73	-	164	-	2,094
Revaluation	(5,551)	-	-	853	(4,737)	(19)	(119)	(9)	66	-	-	(9,516)
Transfers	-	-	-	1.00	(309)	(25)	6	-	(2)	-	-	(329)
	(23,123)	(356)	(1,421)	(1,021)	(7,691)	(888)	(774)	(77)	(20)	(332)	-	(35,703)
At fair value 30 June 2023	765,298	31,854	92,136	191,701	187,503	40,341	74,871	9,996	18,540	19,775	50,945	1,482,960
Accumulated depreciation at 30 June 2023	(293,319)	(15,933)	(27,448)	(67,424)	(65,192)	(6,488)	(9,092)	(2,108)	(1,295)	(8,493)	-	(496,792)
Carrying amount	471,979	15,921	64,688	124,277	122,311	33,853	65,779	7,888	17,245	11,282	50,945	986,168

6.2 Property, infrastructure, plant and equipment (ctd)*Acquisition*

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

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

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

	Depreciation Period	Threshold Limit (\$)
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	1
land improvements	15 - 60 years	10,000
land under roads	-	1
Buildings		
buildings	10 - 100 years	5,000
Heritage assets		
heritage assets	10 - 100 years	5,000
Plant and Equipment		
plant, machinery and equipment	2 - 10 years	500
furniture, equipment and computers	2 - 13 years	1,500
art collection and civic regalia	-	3,000
Roads		
roads - surface and seal	12 - 60 years	20,000
spray seal	-	500m2
asphalt	-	150m2
concrete	-	55m2
road pavement	53 - 60 years	290m2
roads - kerb, channel and minor culverts	60 - 90 years	1
Bridges and major culverts	40 - 100 years	1
Footpaths and cycleways		
footpaths	15 - 70 years	1
bike paths	15 - 60 years	1
Drainage	50 - 90 years	1
Other infrastructure		
nature strip trees	50 years	1
regulatory signs	7 - 35 years	1
street furniture	5 - 50 years	1

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.

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.

6.2 Property, infrastructure, plant and equipment (ctd)**Valuation of land and buildings**

Valuation of land and buildings were undertaken by a qualified independent valuer LG Valuations (Principal Marcus Hann, Valuer No. 62901). 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 A full revaluation of these assets was conducted during 2022/23.

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

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
	\$'000	\$'000	\$'000		
Land	-	66,611	-	April 2023	full
Specialised land	-	-	61,743	April 2023	full
Land Improvements	-	-	17,940	April 2023	index
Heritage Buildings	-	-	31,196	April 2023	full
Buildings	-	-	123,507	April 2023	full
Total	-	66,611	234,386		

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an internal valuation undertaken by Team Leader Strategic Assets (Associate Diploma Civil Engineering, Bachelor Technology Civil Engineering).

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

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

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
	\$'000	\$'000	\$'000		
Roads	-	-	471,979	June 2023	index
Bridges	-	-	15,921	June 2022	index
Footpaths and cycleways	-	-	64,688	June 2021	index
Drainage	-	-	124,277	June 2023	index
Recreational, leisure and community facilities	-	-	122,311	June 2023	index
Waste management	-	-	33,853	June 2023	index
Parks, open space and streetscapes	-	-	65,779	June 2023	index
Aerodromes	-	-	7,888	June 2023	index
Off street car parks	-	-	17,245	June 2023	index
Other infrastructure	-	-	11,282	June 2022	^index
Total	-	-	935,223		

Change of Unit Rates Methodology

The unit rate calculation used to determine replacement cost of the Roads class of assets has been calculated using the average of the actual prior year developer earthworks instead of the 85th percentile used previously. This was applied effective 30 June 2023 and the methodology will continue for future periods and forms part of the valuation stated above (471,979k).

^Other infrastructure includes Civic regalia which was valued via a full revaluation by external valuer.

6.2 Property, infrastructure, plant and equipment (ctd)

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 50% 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 \$0.03 and \$105.56 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$175 to \$17202, per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 2 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.

	2023	2022
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	61,743	39,761
Total specialised land	<u>61,743</u>	<u>39,761</u>

Impairment - Impact of October 2022 Flood Event

Impacted roads and buildings assets were assessed and as a result the below impairment was recognised.

A total of 6,581 road assets were affected across seven assets classes and a single building asset.

Recognised Assets	\$'000
Roads	3,523
Buildings	328
Total Impairment	<u>3,851</u>

6.3 Investments in associates, joint arrangements and subsidiaries	2023	2022
	\$'000	\$'000
(a) Investments in associates		
- Goulburn Valley Regional Library Corporation (GVRLC)	1,872	1,885
Fair value of Council's investment in Goulburn Valley Regional Library Corporation (GVRLC)	1,872	1,885

Goulburn Valley Regional Library Corporation (GVRLC)*Background*

The Goulburn Valley Regional Library Corporation is an entity which has been established to serve three northern Victorian councils; the Greater Shepparton City Council, Moira Shire Council and Strathbogie Shire Council. Each Council has two committee representatives on the Board of Directors.

Each Member council contributes financial to the operation of the Corporation based on the ratio of their population base. Contribution payments are considered a 'fee for service' on a commercial basis and are relative to the services the Corporation provides. The amount of financial contributions does not bring with it any additional voting rights or influence on the library activities and therefore no greater power or control.

Council's share of accumulated surplus/(deficit)

Council's share of accumulated surplus/(deficit) at start of year	105	(182)
Reported surplus for year	(13)	287
Council's share of accumulated surplus/(deficit) at end of year	92	105

Council's share of reserves

Council's share of reserves at start of year	1,780	1,780
Council's share of reserves at end of year	1,780	1,780

Movement in carrying value of specific investment

Carrying value of investment at start of year	1,885	1,598
Share of surplus for year	(13)	287
Carrying value of investment at end of year	1,872	1,885

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.

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Greater Shepparton City Council is the parent entity.

Associates

Interests in 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 Greater Shepparton City Council. The Councillors, Chief Executive Officer and Director Community, Director Corporate Services, Director Infrastructure and Director Sustainable Development are deemed KMP.

Details of KMP at any time during the year are:

Councillors	Councillor Seema Abdullah Councillor Ben Ladson (from January 2023) Councillor Fern Summer Councillor Sam Spinks Councillor Shane Sali (Mayor) Councillor Anthony Brophy Councillor Geoffrey Dobson Councillor Greg James Councillor Dinny Adem (from July 2022)
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CEO	Chief Executive Officer
Directors	Director - Community Director - Corporate Services Director - Infrastructure Director - Sustainable Development

	2023	2022
	No.	No.
Total Number of Councillors	9	9
Total of Chief Executive Officer and other Key Management Personnel	5	5
Total Number of Key Management Personnel	<u>14</u>	<u>14</u>

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

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

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

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

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

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

	2023 \$'000	2022 \$'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,425	1,372
Other long-term employee benefits	17	18
Post-employment benefits	124	142
Total	1,566	1,532

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

	2023 No.	2022 No.
\$10,000 - \$19,999	1	1
\$20,000 - \$29,999	-	5
\$30,000 - \$39,999	6	2
\$40,000 - \$49,999	1	-
\$80,000 - \$89,999	-	1
\$90,000 - \$99,999	1	-
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	2	1
\$220,000 - \$229,999	1	1
\$240,000 - \$249,999	1	1
\$310,000 - \$319,999	-	1
\$320,000 - \$329,999	1	-
	14	14

7.1 Council and key management remuneration (ctd)

(d) Remuneration of other senior staff

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

	2023 \$'000	2022 \$'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	866	710
Other long-term employee benefits	22	11
Post-employment benefits	100	78
Termination benefits	-	-
Total	<u>988</u>	<u>799</u>

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

Income Range:	2023 No.	2022 No.
\$151,000 - \$159,999	-	2
\$160,000 - \$169,999	4	3
\$170,000 - \$179,999	1	-
	<u>5</u>	<u>5</u>
	<u>\$'000</u>	<u>\$'000</u>
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	988	799

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

7.2 Related party disclosure	2023	2022
(a) Transactions with related parties	\$'000	\$'000

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

<i>Payments to Goulburn Valley Regional Library Corporation</i>	1,740	1,714
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Annual fees paid for the provision of library services to the Council. Library services were provided to Shepparton, Mooroopna and Tatura townships, whilst a mobile library serviced nine additional towns within the municipality of the Greater Shepparton City Council.

<i>Payments from Goulburn Valley Regional Library Corporation</i>	72	69
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Annual fees received for the provision of financial and human resource services, being accounts payable, accounts receivable, asset management, treasury, financial reporting and payroll services.

During the period Council entered into the following other related party transactions

1 Payments to entities controlled by key management personnel	2,393	2,253
2,3,4,5,6,7,8 Receipts from entities controlled by key management personnel	268	294
Receipts from entities influenced by key management personnel	-	-

1 Payment of \$2,390,258 to Shepparton Art Museum (SAM) for funding under agreement (Director of Corporate Services and CEO have an interest).

2 Payment of \$3,000 to Albanian Moslem Society for major/minor event grant (Cr Sali has an interest).

3 Receipt of \$17,042 from AFL Goulburn Murray (Director of Sustainable Development has an interest).

4 Receipt of \$4,132 from Wilmot Road Primary School (CEO has an interest).

5 Receipt of \$6,713 from Rumbalara Aboriginal Co-op for Aquamoves and Tipping Services (Cr James has an interest).

6 Receipt of \$238,361 from Shepparton Art Museum (Director of Corporate Services and CEO have an interest).

7 Receipt of \$615 from Shepparton Albanian Committee (Cr Sali has an interest).

8 Receipt of \$1,279 McEwen Road Tennis Club for facility usage (Cr Ladson has an interest).

7.2 Related party disclosure (ctd)	2023 \$'000	2022 \$'000
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(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

Outstanding payments to entities controlled by key management personnel	-	-
1.2.3 Outstanding receipts from entities influenced by key management personnel	116	179

1 Receipt of \$238,361 from Shepparton Art Museum (Director of Corporate Services and CEO have an interest) a further \$111,938 was outstanding as at 30 June 2023.

2 Receipt of \$17,042 from AFL Goulburn Murray (Director of Sustainable Development has an interest) a further \$1,080 was outstanding as at 30 June 2023.

3 Receipt of \$6,713 from Rumbalara Aboriginal Co-op for Aquamoves and Tipping Services (Cr James has an interest) a further \$2,671 was outstanding as at 30 June 2023.

(c) Loans to/from related parties

There were no loans in existence at balance date that have been made, guaranteed or secured by the council to a related party.

(d) Commitments to/from related parties

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

1. Provision of flu vaccinations to Goulburn Valley Regional Library Corporation (GVRLC) staff by Greater Shepparton City Council (GSCC).
2. MOU for the provision of administrative services and payment of Admin fees between GSCC and GVRLC.
3. GSCC is committed to paying the annual contributions to GVRLC.
4. GSCC is committed to paying the annual contribution to Shepparton Art Museum (SAM) limited.

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet and are disclosed pursuant to AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

(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.

Insurance Reimbursements

As a result of the October 2022 Flood event, Council is engaged in property and business interruption losses insurance claims. At balance date, property claims were submitted but not yet approved by the appointed loss adjuster. Council expects claims submitted in relation to 2022/23 expenditure incurred to create an inflow of approximately \$1.51 million.

JLT Municipal Asset Protection Plan (JMAPP)

Council are a member of the JLT Municipal Asset Protection Plan, which is a managed discretionary trust arrangement for property damage claims. A member surplus was anticipated by JLT at balance date, for which Council may receive a distribution during 2023-24.

Gifted Assets

In the course of creating new subdivisions, developers construct infrastructure assets including roads, footpath and drainage that are vested with Council when Council issues a Statement of Compliance. These assets are recognised as revenue (Contributions - Non-Monetary) and capitalised. At reporting date, developers had commenced construction of assets that will eventually be transferred to Council, however Council cannot reliably measure the value of assets involved prior to completion.

(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.

Legal Matters

At balance date Council were awaiting a decision on a matter relating to a Workplace Safety Regulator prosecution which may result in a liability.

8.2 Change in accounting standards

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

8.3 Financial instruments

(a) Objectives and policies

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

8.3 Financial instruments (ctd)

(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.

8.3 Financial instruments (ctd)

(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 any financial guarantees disclosed in Note 8.1, and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1.00% and -1.00% in market interest rates (AUD) from year-end rates of 4.6%.

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

Asset class	Revaluation
Land	3 to 5 years
Buildings	3 to 5 years
Roads	3 to 5 years
Bridges	3 to 5 years
Footpaths and cycleways	3 to 5 years
Drainage	3 to 5 years
Recreational, leisure and community facilities	3 to 5 years
Waste management	3 to 5 years
Parks, open space and streetscapes	3 to 5 years
Aerodromes	3 to 5 years
Other infrastructure	3 to 5 years

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

Impairment of assets

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

8.5 Events occurring after balance date

On 31 August 2023, additional information was provided regarding the likelihood of selling all of the properties that were included under Non current assets classified as held for sale note 6.1. It was determined that selling several of these properties within the year was no longer highly probable as required under the standard. As a result these properties will be reclassified from Non current assets classified as held for sale into the appropriate asset classification. As all of the properties impacted are non-depreciable land assets, the financial effect is the movement of \$264k from Non current assets classified as held for sale to land assets under Land for the same \$264k net value. These properties were included in the revaluation that occurred during the 2022/2023 land and buildings revaluation so there will be no further financial effect of this correction.

Other than the matter discussed above, there are no other events that have arisen between the end of the financial year and the date of this report of a material nature likely to affect the operations of the Council in future financial years.

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			
2023			
Property			
Land - specialised	13,057	21,926	34,983
Land - non specialised	22,566	4,919	27,485
Land and land improvements	12,740	27	12,767
Buildings - Heritage	5,228	9,095	14,323
Buildings	19,296	6,107	25,403
	72,887	42,074	114,961
Plant and Equipment			
Artwork and regalia	15,461	46	15,507
	15,461	46	15,507
Infrastructure			
Roads	459,454	(40,016)	419,438
Bridges	21,716	-	21,716
Footpaths and cycleways	57,549	-	57,549
Drainage	62,316	(2,352)	59,964
Recreational, leisure and community facilities	74,946	7,363	82,309
Waste management	1,110	2,859	3,969
Parks, open space and streetscapes	28,709	9,702	38,411
Aerodromes	4,970	(3,789)	1,181
Off-street car parks	8,265	5,131	13,396
Other infrastructure	4,913	-	4,913
	723,948	(21,102)	702,846
Intangible Assets			
Water rights	1,072	-	1,072
	1,072	-	1,072
Total asset revaluation reserves	813,368	21,018	834,386
2022			
Property			
Land - specialised	13,057	-	13,057
Land - non-specialised	22,566	-	22,566
Land and land improvements	12,740	-	12,740
Buildings - Heritage	5,228	-	5,228
Buildings	19,296	-	19,296
	72,887	-	72,887
Plant and Equipment			
Artwork and regalia	14,235	1,226	15,461
	14,235	1,226	15,461
Infrastructure			
Roads	459,454	-	459,454
Bridges	19,042	2,674	21,716
Footpaths and cycleways	57,549	-	57,549
Drainage	62,316	-	62,316
Recreational, leisure and community facilities	74,946	-	74,946
Waste management	1,110	-	1,110
Parks, open space and streetscapes	28,709	-	28,709
Aerodromes	3,811	1,159	4,970
Off-street car parks	8,265	-	8,265
Other infrastructure	2,164	2,749	4,913
	717,366	6,582	723,948
Intangible Assets			
Water Rights	-	1,072	1,072
	-	1,072	1,072
Total asset revaluation reserves	804,488	8,880	813,368

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

9.2 Reconciliation of cash flows from operating activities to surplus	2023 \$'000	2022 \$'000
Surplus for the year	30,138	24,397
Depreciation	33,914	34,466
Amortisation of ROU Assets	231	250
Amortisation of Intangible assets	364	730
Loss on disposal of property, infrastructure, plant and equipment	3,689	5,409
Finance Costs	13	18
Borrowing Costs	715	811
Bad debts	1,550	236
Share of net result of associates and joint ventures	13	(287)
Contributions - Non-monetary assets	(6,850)	(9,512)
Fair value adjustments for employee provisions	(154)	(826)
Fair value adjustments for landfill rehabilitation provisions	(8,576)	641
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(620)	543
(Increase)/decrease in prepayments and other assets	(1,291)	(225)
(Increase)/decrease in inventories	34	(3)
(Increase)/decrease in intangibles	-	(3,897)
Increase/(decrease) in trade and other payables	(3,967)	(1,486)
Increase/(decrease) in unearned income /revenue	(5,176)	201
Increase/(decrease) in other liabilities	944	1,447
Increase/(decrease) in employee provisions	(343)	(490)
Increase/(decrease) in landfill provisions	47	(667)
Net cash provided by operating activities	44,675	51,756

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 Comprehensive Operating Statement when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10%))

Defined Benefit

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

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

9.3 Superannuation (ctd)

Funding arrangements

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

Net investment returns	5.70% pa
Salary information	3.50% pa
Price inflation (CPI)	2.80% pa

As at 30 June 2022, 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 102.2%. The financial assumptions used to calculate the VBI were:

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

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

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

Employer contributions

Regular contributions

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

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

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.

9.3 Superannuation (ctd)**The 2022 interim actuarial investigation surplus amounts**

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

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

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

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

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

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

The 2023 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 December 2023. The financial assumptions for the purposes of this investigation are:

	2023 Triennial investigation	2020 Triennial investigation
Net investment return	5.7% pa	5.6% pa
Salary inflation	3.50% pa	2.50% pa for the first two years and 2.75% pa thereafter
Price inflation	2.8% pa	2.0% pa

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2023 \$'000	2022 \$'000
Vision super	Defined benefit	10.5% (2022 10.0%)	131	131
Other than Vision	Defined benefit	10.5% (2022 10.0%)	-	2
Vision super	Accumulation fund	10.5% (2022 10.0%)	2,566	2,667
Other than Vision	Accumulation fund	10.5% (2022 10.0%)	2,288	2,002

There were \$38k contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$176k.

Note 10 Change in accounting policy

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

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

PERFORMANCE STATEMENT

The performance statement certified by Council will be to their final form after any changes, recommended or agreed to by the auditor, have been made.

For the year ended 30 June 2023

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

Description of municipality

Greater Shepparton is a vibrant, diverse community located approximately two hours north of Melbourne in the heart of the Goulburn Valley, the food bowl of Australia.

As a growing regional centre with a vibrant cultural mix of people, the community comprises approximately 69,000 residents living within 60 localities. However Shepparton services a much larger population of approximately 250,000 people as the main service centre for northern Victoria.

Greater Shepparton enjoys a young demographic with growing families, with census data showing the proportion of couples with children was over two per cent above the regional Victorian average, at 26.9 per cent.

Our community is culturally rich with a large proportion of the population born overseas (17 per cent), with many residents immigrating from India, United Kingdom, Italy, Afghanistan, New Zealand, Philippines, Malaysia, Iraq, Albania and Pakistan.

The most commonly spoken languages at home, other than English are Punjabi, Arabic, Italian, Persian/Dari, Mandarin, Filipino/Tagalog, Malayalam, Albanian, Turkish and Swahili.

Greater Shepparton is also the home to regional Victoria's largest Aboriginal community, making up approximately 3.9 per cent of the population.

Two hours north of Melbourne, Greater Shepparton's central location is a major advantage and has seen our urban centre emerge as the retail, industry and services hub for central Victoria. Located at the intersection of the Midland and Goulburn Valley Highways, Greater Shepparton provides easy access to Adelaide, Sydney, Brisbane and Melbourne.

The City of Greater Shepparton acts as a major industrial, employment and service centre for a wide catchment, including many rural settlements within and beyond its municipal boundaries, with its gross regional product totalling \$4.14 billion per annum.

Greater Shepparton forms part of the 'Food Bowl of Australia', which accounts for 25 per cent of the total value of Victoria's agricultural production. We are a national centre for dairy and horticulture, exporting reliable premium quality fresh and value-added produce via innovative practices and a world class irrigation system. Shepparton is also often referred to as the transport hub of regional Victoria due to its extensive road transport industry.

Major industries for the region include health care and social assistance, manufacturing, construction, retail trade, agriculture, education and training. Greater Shepparton is home to several multinational and iconic companies such as Campbell's Soups, SPC, Tatura Milk Industries, Unilever, Visy, Pental Soaps and Noumi Limited

These companies utilise Shepparton as their major hub and home to their transport and logistics operations.

COVID-19 Disclosure

On 30 January 2020, COVID-19 was declared as a global pandemic by the World Health Organisation. In March 2020, the State of Victoria declared a state of emergency to respond to the COVID-19 outbreak. During 2021/2022 a number of restricted activity directives were in place that saw the closure or reduced operation of several facilities and non-essential services.

Some of the Council services and facilities impacted were Aquamoves, Sports Stadiums, Performing Arts, Children's Services, KidsTown and Victoria Park Lake Caravan Park. The financial impact of COVID-19 on Greater Shepparton City Council has been disclosed in the notes to the financial statements.

Following two previous economic and social responses to COVID-19 for the community in 2019/2020 (\$1.5 million) and 2020/2021 (\$2 million), Greater Shepparton City Council provided direct support to the community through a third program, at an estimated cost of \$600,000. Council also adopted a zero per cent rate rise for both the 2021/2022 and 2022/2023 financial years.

October 2022 Flood Disclosure

On October 15 2022 Greater Shepparton was impacted by significant flooding. This affected community members significantly, as well as Council operations and assets.

Many Council services and facilities were subject to closures and limitations to operations for varied periods, due to inability to access assets due to flood water and subsequent damage. Impacted facilities included Aquamoves, Sports Stadiums, Performing Arts, Children's Services, Kidstown and the Victoria Park Lake Caravan Park. Council's road network was also subject to impairment.

To support relief and response activities and repair of assets, Council has received financial support by way of insurance and the Disaster Recovery Funding Arrangement (categories A, B and C).

The financial impact of the October 2022 Flood is disclosed in the Financial Statements.

PERFORMANCE STATEMENT

Sustainable Capacity Indicators

For the year ended 30 June 2023

INDICATOR/MEASURE	RESULTS 2020	RESULTS 2021	RESULTS 2022	RESULTS 2023	MATERIAL VARIATIONS
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	\$1,991	\$2,067	\$2,106	\$2,136	
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$16,783	\$17,168	\$17,571	\$17,383	
Population density per length of road [Municipal population / Kilometres of local roads]	29	29	28	29	
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,549	\$1,752	\$1,649	\$1,618	
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$390	\$380	\$452	\$470	
Disadvantage					
Relative socio-economic disadvantage [Index of Relative Socio-economic Disadvantage by decile]	2	2	2	2	
Workforce turnover					
Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	10%	10%	16%	16%	Since 2021-22 there has been an increase in the staff turnover rate, which is consistent across the sector and many industries.

Definitions

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

“local road” means a sealed or unsealed road for which the Council is the responsible road authority under the *Road Management Act 2004*

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

“population” means Estimated Resident Population (ERP) sourced from the Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0)

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

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

Service Performance Indicators

For the year ended 30 June 2023

INDICATOR/MEASURE	RESULTS 2020	RESULTS 2021	RESULTS 2022	RESULTS 2023	MATERIAL VARIATIONS
Aquatic Facilities					
Utilisation					
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	7	2	3	5	There has been increased utilisation of aquatic facilities this year compared with prior years which were impacted through restrictions from Covid-19.
Animal Management					
Health and Safety					
Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions) x 100	100%	100%	100%	100%	
Food Safety					
Health and Safety					
Critical and major non-compliance notifications [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	100%	0%	100%	100%	In 2020 there were no critical or major non-compliance notifications. In 2019 there was one notification, in 2021 there were six notifications whilst in 2022 there were four notifications which were followed up through third party audits.
Governance					
Satisfaction					
Satisfaction with Council decisions [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	52	51	53	51	

INDICATOR/MEASURE	RESULTS 2020	RESULTS 2021	RESULTS 2022	RESULTS 2023	MATERIAL VARIATIONS
Libraries					
Participation					
Active library members [Number of active library members / Municipal population] x100	10%	9%	8%	7%	
Maternal and Child Health (MCH)					
Participation					
Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	80%	81%	78%	78%	
Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	88%	85%	81%	84%	
Roads					
Satisfaction					
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	57	57	55	44	The community satisfaction of sealed local roads decreased in 2022-23 due to a major flood event in October 2022. There was significant impairment to the road network.
Statutory Planning					
Decision making					
Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100%	100%	75%	100%	In 2022-23 there was 1 out of 1 Council planning decisions upheld at VCAT compared to 3 out of 4 in 2021-22
Waste Collection					
Waste diversion					
Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	51%	51%	51%	50%	

Definitions

“Aboriginal child” means a child who is an Aboriginal person

“Aboriginal person” has the same meaning as in the Aboriginal Heritage Act 2006

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

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

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

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

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

“food premises” has the same meaning as in the Food Act 1984

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

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

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

“population” means Estimated Resident Population (ERP) sourced from the Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0)

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

Financial Performance Indicators

For the year ended 30 June 2023

DIMENSION/INDICATOR /MEASURE	RESULTS				FORECASTS				MATERIAL VARIATIONS
	2020	2021	2022	2023	2024	2025	2026	2027	
EFFICIENCY									
Expenditure level									
Expenses per property assessment	\$4,186	\$4,308	\$4,317	\$4,457	\$4,734	\$4,663	\$4,610	\$4,664	
[Total expenses / Number of property assessments]									
Revenue level									
Average rate per property assessment									
(General rates and Municipal charges / Number of property assessments)	\$2,542	\$2,269	\$2,275	\$2,290	\$2,381	\$2,449	\$2,513	\$2,567	2020 Actual incorrectly reported as \$2,542 with other rates and charges such as Waste Kerbside Collection service fees included in error. Correct 2020 figure \$2,219.

	RESULTS				FORECASTS				
DIMENSION/INDICATOR /MEASURE	2020	2021	2022	2023	2024	2025	2026	2027	MATERIAL VARIATIONS
LIQUIDITY									
Working capital									
Current assets compared to current liabilities	150%	156%	161%	199%	139%	129%	126%	130%	Increase in working capital in reporting year is largely reflective of receipt of 100% of 2023/2024 Federal Financial Assistance Grants in advance (received June 2023)
[Current assets / Current liabilities] x100									
Unrestricted cash									
Unrestricted cash compared to current liabilities									The favourable movement in unrestricted cash in the reporting year is reflective of an increase in cash compared to other financial assets compared to 2022/2023. Year-end cash balances were also high due to early receipt of 100% of the 2023/2024 Federal Financial Assistance Grant allocation. Reductions in forecast years reflect movement of cash to other financial assets.
[Unrestricted cash / Current liabilities] x100	47%	47%	-9%	61%	24%	-5%	-1%	0%	
OBLIGATIONS									
Loans and borrowings									
Loans and borrowings compared to rates	19%	29%	25%	21%	19%	15%	11%	8%	The reduction in loans and borrowings compared to rates reflects repayments during 2022/2023 and no new borrowings. Council has \$2m borrowings budgeted in 2023/2024, with no other borrowings planned until the year following the forecast range.
[Interest bearing loans and borrowings / Rate revenue] x100									
Loans and borrowings repayments compared to rates									
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3%	3%	4%	4%	4%	4%	4%	3%	

	RESULTS				FORECASTS				
DIMENSION/INDICATOR /MEASURE	2020	2021	2022	2023	2024	2025	2026	2027	MATERIAL VARIATIONS
Indebtedness									
Non-current liabilities compared to own source revenue									
[Non-current liabilities / Own source revenue] x100	52%	39%	39%	31%	32%	28%	24%	19%	Indebtedness has decreased due to both the repayment of loans and the reduction in the carrying value of the Landfill Provision.
Asset renewal and upgrade									
Asset renewal and upgrade compared to depreciation									
[Asset renewal and upgrade expenses / Asset depreciation] x100	108%	80%	120%	101%	121%	101%	79%	106%	The 2021/2022 result is impacted by the Maude Street Mall upgrade project.
OPERATING POSITION									
Adjusted underlying result									
Adjusted underlying surplus (or deficit)	-1%	8%	3%	5%	-5%	-1%	0%	1%	The increase in the adjusted underlying operating result is largely due to early receipt of 100% of the 2023/2024 Federal Financial Assistance Grants in June 2023 (\$16.3m) and the impact of the discount rates in the fair value assessment of the Landfill Provision (\$8.6m)
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100									
STABILITY									
Rates concentration									
Rates compared to adjusted underlying revenue	61%	55%	59%	57%	61%	61%	62%	62%	
[Rate revenue / Adjusted underlying revenue] x100									
Rates effort									
Rates compared to property values									
[Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.7%	0.7%	0.7%	0.5%	0.6%	0.6%	0.6%	0.6%	Decreasing rates effort in 2022/2023 is reflective of a marked increase to property values for the 2022/2023 rating year (23% increase per Adopted Budget). This remains steady in forecast years as property valuations are difficult to forecast.

Definitions

“adjusted underlying revenue” means total income other than—

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

(b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

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

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

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

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

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

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

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

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

“population “means the resident population estimated by council

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

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

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

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

“unrestricted cash” means all cash and cash equivalents other than restricted cash.

Other Information

1. Basis of preparation

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

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

The performance statement presents the actual results for the current year for the prescribed financial performance indicators and measures as well as the results forecast by the council's strategic resource plan.

The Local Government (Planning and Reporting) Regulations 2020 requires explanation of any material variations in the results contained in the performance statement. Council has adopted the materiality thresholds as per Appendix B – Materiality Guidelines of the Local Government Better Practice Guide 2022-23 Performance Statement. Explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material of its nature.

The forecast figures included in the performance statement are those adopted by council in its adopted budget and strategic resource plan on 20 June 2023. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term.

Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by visiting www.greatershepparton.com.au

Certification of the Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*

Claire Barnes
Principal Accounting Officer

Dated:

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

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

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

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

Cr Shane Sali
Mayor

Dated:

Cr Anthony Brophy
Deputy Mayor

Dated:

Peter Harriott
Chief Executive Officer

Dated: