

# Ordinary Meeting of Council

Nellie Ibbott Chambers, Ivanhoe Library and Cultural Hub, 275 Upper Heidelberg Road, 3079

25 September 2023 7pm

## **ATTACHMENTS UNDER SEPARATE COVER**

### **3.5 'In Principle' Approval of the Financial Statements and Performance Statement for the year ended 30 June 2023**

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# DRAFT - Banyule City Council Financial Report Year Ended 2022-23

Part 3 of 3



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## Certification of the Financial Statements for the year ended 30 June 2023

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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*, Australian Accounting Standards and other mandatory professional reporting requirements.

TANIA O'REILLY, CA  
Principal Accounting Officer

Dated: Monday, 25 September 2023  
Greensborough

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

As at the date of signing, we are not aware of any circumstances which would render any particulars in the Financial Statements to be misleading or inaccurate.

We have been authorised by the Council on Monday, 25 September 2023 and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the Financial Statements in their final form.

PETER DIMARELOS  
Councillor

Dated: Monday, 25 September 2023  
Greensborough

ELIZABETH NEALY  
Councillor

Dated: Monday, 25 September 2023  
Greensborough

ALLISON BECKWITH  
Chief Executive Officer

Dated: Monday, 25 September 2023  
Greensborough

## Victorian Auditor General Independent Audit Report

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Insert VAGO report

## Comprehensive Income Statement for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>INCOME/REVENUE</b>			
Rates and charges	3.1	111,948	109,327
Statutory fees and fines	3.2	8,509	7,847
User fees and charges	3.3	18,681	17,283
Grants - operating	3.4(a)	13,608	14,544
Grants - capital	3.4(b)	10,758	9,989
Interest income	3.5	2,438	421
Rental income	3.6	3,131	2,765
Contributions income - monetary	3.7	7,392	5,359
Net gain on disposal of property, infrastructure, plant & equipment	3.8	22	3,880
Fair value adjustments for investments	5.1(b) & 6.3(a)	80	13
Other income	3.9	1,913	1,665
Share of net profits of associates	6.3 (b)	-	139
<b>Total Income/Revenue</b>		<b>178,480</b>	<b>173,232</b>
<b>EXPENSES</b>			
Employee costs	4.1(a)	72,066	68,964
Materials, contracts and services	4.2	50,751	49,465
Utility charges	4.3	4,492	4,050
Depreciation	4.4	23,190	22,186
Amortisation - intangible assets	4.5	222	222
Amortisation - right of use assets	4.6	559	540
Donations expenditure	4.7	1,098	1,508
Finance costs - leases	4.8	14	28
Borrowing costs	4.9	1,666	1,900
Contributions expense	4.10	7,674	7,343
Fair value adjustment for investment property	6.1 & 6.4	-	1,975
Impairment loss	5.2(c) & 6.2	305	274
Bad and Doubtful Debts - allowance for impairment losses	4.11	89	883
Share of net losses of associates		219	-
Other expenses	4.12	1,390	3,951
<b>Total Expenses</b>		<b>163,735</b>	<b>163,289</b>



	Note	2023 \$'000	2022 \$'000
<b>Surplus for the year</b>		<b>14,745</b>	<b>9,943</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment	9.1(b)(i)	-	107,164
<b>Total other comprehensive income</b>		<b>-</b>	<b>107,164</b>
<b>Total Comprehensive Result</b>		<b>14,745</b>	<b>117,107</b>

*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
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5.1 (a)	23,778	19,958
Other financial assets	5.1 (b)	65,220	65,000
Trade and other receivables	5.1 (c)	21,914	20,492
Inventories	5.2 (a)	49	76
Prepayments	5.2 (b)	2,640	1,877
Non-current assets classified as held for sale	6.1	11,676	14,608
<b>Total current assets</b>		<b>125,277</b>	<b>122,011</b>
<b>Non-Current Assets</b>			
Trade and other receivables	5.1 (c)	199	198
Investments	6.3	3,517	3,719
Property, infrastructure, plant and equipment	6.2	1,804,396	1,799,225
Right of use assets	5.8	357	602
Investment property	6.4	13,597	13,686
Non-current assets classified as held for sale	6.1	15,159	13,125
Intangible assets	5.2 (c)	284	506
<b>Total non-current assets</b>		<b>1,837,509</b>	<b>1,831,061</b>
<b>Total Assets</b>		<b>1,962,786</b>	<b>1,953,072</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	5.3 (a)	11,922	15,668
Provisions	5.5	15,315	15,484
Trust funds and deposits	5.3 (b)	6,693	5,853
Unearned income/revenue	5.3 (c)	11,291	12,074
Interest bearing loans and borrowings	5.4	1,014	939
Lease liabilities	5.8	304	370
<b>Total current liabilities</b>		<b>46,539</b>	<b>50,388</b>
<b>Non-Current Liabilities</b>			
Provisions	5.5	1,038	1,087
Trust funds and deposits	5.3 (b)	1,171	1,151
Interest bearing loans and borrowings	5.4	18,857	19,871

	Note	2023 \$'000	2022 \$'000
Lease liabilities	5.8	51	190
<b>Total non-current liabilities</b>		<b>21,117</b>	<b>22,299</b>
<b>Total Liabilities</b>		<b>67,656</b>	<b>72,687</b>
<b>Net Assets</b>		<b>1,895,130</b>	<b>1,880,385</b>
<b>EQUITY</b>			
Accumulated surplus		565,512	548,699
Reserves	9.1(a)	1,329,618	1,331,686
<b>Total Equity</b>		<b>1,895,130</b>	<b>1,880,385</b>

*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	Asset Revaluation Reserve \$'000	Asset Replacement Reserves \$'000
Balance at beginning of the financial year		1,880,385	548,699	1,304,268	27,418
Surplus for the year		14,745	14,745	-	-
Net asset revaluation increment	9.1(b)(i)	-	-	-	-
Transfers from asset revaluation reserve	9.1(b)(i)	-	4,116	(4,116)	-
Transfers to other reserves	9.1(b)(ii)	-	(18,859)	-	18,859
Transfers from other reserves	9.1(b)(ii)	-	16,811	-	(16,811)
<b>Balance at end of the financial year</b>		<b>1,895,130</b>	<b>565,512</b>	<b>1,300,152</b>	<b>29,466</b>

2022	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Asset Replacement Reserves \$'000
Balance at beginning of the financial year		1,763,278	526,498	1,199,754	37,026
Surplus for the year		9,943	9,943	-	-
Net asset revaluation increment	9.1(b)(i)	107,164	-	107,164	-
Transfers from asset revaluation reserve	9.1(b)(i)	-	2,650	(2,650)	-
Transfers to other reserves	9.1(b)(ii)	-	(16,438)	-	16,438
Transfers from other reserves	9.1(b)(ii)	-	26,046	-	(26,046)
<b>Balance at end of the financial year</b>		<b>1,880,385</b>	<b>548,699</b>	<b>1,304,268</b>	<b>27,418</b>

Note: In 2022, the net asset revaluation increment includes \$684 impairment of an asset that was previously revalued.

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
<b>Cash Flows from Operating Activities</b>			
<b>Receipts:</b>			
Rates and charges		111,048	109,131
Statutory fees and fines		8,123	7,463
User fees and charges		15,712	17,919
Grants - operating		13,098	15,044
Grants - capital		12,857	8,802
Contributions - monetary		7,485	5,287
Interest received		1,922	364
Rent		4,346	880
Trust funds and deposits received		3,003	3,564
Other receipts		1,911	1,667
Net GST refund/(payment)		(329)	(393)
<b>Payments:</b>			
Employee costs		(73,294)	(72,062)
Materials, contracts and services		(51,139)	(48,341)
Trust funds and deposits refunded		(2,143)	(1,861)
Other payments		(16,277)	(15,068)
<b>Net cash provided by operating activities</b>	9.2	<b>36,323</b>	<b>32,396</b>
<b>Cash Flows from Investing Activities:</b>			
Payments for property, infrastructure, plant and equipment		(35,516)	(39,698)
Payments for leasehold improvements and intangible assets		-	-
Proceeds from sale of property, plant and equipment		6,239	4,263
Payments for financial assets		(91,556)	(82,000)
Redemption of financial assets		91,399	100,000
<b>Net cash used in investing activities</b>		<b>(29,434)</b>	<b>(17,435)</b>
<b>Cash Flows from Financing Activities:</b>			
Borrowing costs - interest		(1,666)	(1,906)

	Note	2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
Repayment of borrowings		(939)	(10,257)
Interest paid – lease liabilities		(14)	(28)
Repayment of lease liabilities		(450)	(474)
<b>Net cash used in financing activities</b>		<b>(3,069)</b>	<b>(12,665)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,820</b>	<b>2,296</b>
Cash and cash equivalents at the beginning of the financial year		19,958	17,662
<b>Cash and cash equivalents at the end of the financial year</b>	5.1 (a)	<b>23,778</b>	<b>19,958</b>
<i>Financing arrangements</i>	5.6		
<i>Restrictions on cash assets</i>	5.1 (b)		

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
<b>Capital Works</b>			
<b>Infrastructure</b>			
Roads, streets and bridges	6.2	10,226	8,384
Drainage	6.2	617	1,143
Parks and gardens	6.2	10,708	5,860
Playgrounds	6.2	392	191
<b>Total infrastructure</b>		<b>21,943</b>	<b>15,578</b>
<b>Property</b>			
Freehold land	6.2	2,012	-
Freehold buildings	6.2	7,926	18,019
Leasehold improvements	6.2	55	-
<b>Total property</b>		<b>9,993</b>	<b>18,019</b>
<b>Plant and equipment</b>			
Motor vehicles	6.2	-	1,344
Plant and equipment	6.2	1,493	1,574
Furniture and fittings	6.2	178	273
Waste management	6.2	219	2,302
<b>Total plant and equipment</b>		<b>1,890</b>	<b>5,493</b>
<b>Other assets</b>			
Art collection	6.2	140	30
<b>Total other assets</b>		<b>140</b>	<b>30</b>
<b>Intangible assets</b>			
Software	5.2 (c)	-	-
<b>Total intangible assets</b>		<b>-</b>	<b>-</b>
<b>Total capital works expenditure</b>		<b>33,966</b>	<b>39,120</b>
<b>Represented by:</b>			
New assets		5,136	12,779
Asset renewal		20,927	18,541
Asset upgrade		7,719	5,967
Asset expansion		184	1,833
<b>Total capital works expenditure</b>		<b>33,966</b>	<b>39,120</b>

Note: Work in progress is incorporated into the specific asset class based on the nature of the work.

The above Statement of Capital Works should be read in conjunction with the accompanying notes.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2023

## Note 1. Overview

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### Introduction

Banyule City Council ("Council") was established by an Order of the Governor in Council on 14 December 1994 and is a Body Corporate.

Council has two Service Centres located at:

- Greensborough – Level 3 1 Flintoff Street
- Ivanhoe (in Library & Cultural Hub) – 275 Upper Heidelberg Road

Council's website address is: [www.banyule.vic.gov.au](http://www.banyule.vic.gov.au)

### 1.1 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 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.

### 1.2 Significant accounting policies

The significant policies which have been adopted in the preparation of these Financial Statements are:

#### (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, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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

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



The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars.

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 (Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (Note 6.2)
- the determination of employee provisions (Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with AASB 16 *Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not AASB 1059 *Concession Arrangements: Grantors* is applicable (refer to Note 8.2)
- 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.

The figures presented in all the Financial Statements and the notes to the Financial Statements are expressed as thousands of dollars when indicated by "\$'000". Otherwise, the figures are exact to the nearest one dollar. Minor discrepancies in tables between totals and the sum of components are due to rounding.

### **(b) 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.

### **(c) Impact of COVID-19**

The impacts on Council from the COVID-19 pandemic were minimal during the financial year ended 30 June 2023 compared to the previous two years. Council is still recovering from the significant slowdown in the anticipated income that was planned from statutory and user fees and charges as we move towards a 'new normal' environment of Council operations. Council is currently reporting a 14% lower income (gross) for the financial year from these key non-rating sources, compared to what was outlined in the Revised 10 Year Financial Plan (2022-2032).

The impacts to Council's financial results are immaterial and the results that were directly attributable to COVID-19 included expenditure and associated grant recognition for a COVIDSafe Outdoor Activation Grant as well as expenditure associated with Council's COVID-19 Economic support package. It is anticipated that no further expenditure or income directly related to COVID-19 will be paid or received post 30 June 2023.

## Note 2. Analysis of our results

### 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of \$1.5 million or 10% (if over \$1,000,000) where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 27 June 2022. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for the income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term.

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

#### 2.1.1 Income and Expenditure

	Ref	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %
<b>INCOME</b>					
Rates and charges		111,880	111,948	68	0.1
Statutory fees and fines	(a)	10,422	8,509	(1,913)	(18.4)
User fees and charges	(b)	21,323	18,681	(2,642)	(12.4)
Grants - operating		12,504	13,608	1,104	8.8
Grants - capital	(c)	15,968	10,758	(5,210)	(32.6)
Interest income		2,025	2,438	413	20.4
Rental income		3,112	3,131	19	0.6
Contributions income - monetary	(d)	5,442	7,392	1,950	35.8
Net gain on disposal of property, infrastructure, plant and equipment		54	22	(32)	(59.3)
Fair value adjustment for investments		-	80	80	-
Other income	(e)	855	1,913	1,058	123.7
<b>Total income</b>		<b>183,585</b>	<b>178,480</b>	<b>(5,105)</b>	<b>(2.8)</b>
<b>EXPENSES</b>					
Employee costs	(f)	75,272	72,066	(3,206)	(4.3)
Materials, contracts and services		51,041	50,751	(290)	(0.6)
Utility charges		4,776	4,492	(284)	(5.9)
Depreciation		23,892	23,190	(702)	(2.9)
Amortisation - intangible assets		220	222	2	0.9

	Ref	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %
Amortisation – right of use assets		551	559	8	1.5
Donations expenditure		1,157	1,098	(59)	(5.1)
Finance costs - leases		16	14	(2)	(12.5)
Borrowing costs		1,741	1,666	(75)	(4.3)
Contributions expense		7,568	7,674	106	1.4
Bad & Doubtful Debts		-	89	89	-
Share of net losses of associates		-	219	219	-
Impairment loss		-	305	305	-
Other expenses		2,241	1,390	(851)	(38.0)
<b>Total expenses</b>		<b>168,475</b>	<b>163,735</b>	<b>(4,740)</b>	<b>(2.8)</b>
<b>Surplus for the year</b>		<b>15,110</b>	<b>14,745</b>	<b>(365)</b>	<b>(2.4)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that will not be reclassified to surplus or deficit in future periods:</b>					
Net asset revaluation increment		-	-	-	-
<b>Total Comprehensive Result</b>		<b>15,110</b>	<b>14,745</b>	<b>(365)</b>	<b>(2.4)</b>

#### Explanation of Material Variations – Income and Expenditure

Ref	Item	Explanation
(a)	Statutory fees and fines	Parking Infringement income was significantly below budget. Parking infringements dropped significantly in recent years in response to Covid-19 and for 2022/23, we had budgeted for these to return to somewhat similar to pre-covid levels. However, it has been seen that due to changing habits (including working from home) that the volume of parking infractions may have settled at a lower level than pre-covid.
(b)	User fees and charges	During 2022/23 Council stopped accepting large commercial customers due to staffing and infrastructure restrictions on our capacity. This is planned to be opened up again before the end of 2023. There was a temporary deed of variation in Council's contract for the operation of Watermarc recognising the impact of Covid-19 which reduced our user fees income for 2022/23 which was mostly offset by an equivalent increase in Profit Share contributions income.
(c)	Grants – capital	Capital grants are recognised when they have been earned in line with the deliverables outlined in funding agreements. Council had received a \$5 million grant towards the Watsonia Town Square Development, but as the project is only in its early stages, it has been predominantly accrued until the 2023/24 financial year.
(d)	Contributions income	An increase in Public Open Space (POS) and Development Contribution Plan (DCP) Contributions due to increasing building activity coming out of Covid-19 as well as an increase in property valuations. A profit share contribution as part of the lease of Watermarc which was not budgeted for.

Ref	Item	Explanation
(e)	Other income	This movement is predominantly related to workcover reimbursements which Council does not budget for as the level of claims is not foreseeable. The sale of a small parcel of a drainage reserve in Greensborough which was deemed surplus to requirements.
(f)	Employee Costs	Employee Costs were lower than budget in many areas across Council due to vacancies during the year. In many instances these vacancies were backfilled with agency staff and/or overtime worked by staff.

## 2.1.2 Capital Works

	Ref	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %
<b>Infrastructure</b>					
Roads, streets and bridges	(a)	16,256	10,226	6,030	37.1
Drainage		1,550	617	933	60.2
Parks and gardens	(b)	12,153	10,708	1,445	11.9
Playgrounds		680	392	288	42.4
<b>Total infrastructure</b>		<b>30,639</b>	<b>21,943</b>	<b>8,696</b>	<b>28.4</b>
<b>Property</b>					
Freehold land	(c)	-	2,012	(2,012)	-
Freehold buildings	(d)	27,971	7,926	20,045	71.7
Leasehold improvements		-	55	(55)	-
<b>Total property</b>		<b>27,971</b>	<b>9,993</b>	<b>17,978</b>	<b>64.3</b>
<b>Plant and Equipment</b>					
Motor vehicles	(e)	1,140	-	1,140	100.0
Plant and equipment		1,404	1,493	(89)	(6.3)
Furniture and fittings		235	178	57	24.3
Waste management		-	219	(219)	-
<b>Total plant and equipment</b>		<b>2,779</b>	<b>1,890</b>	<b>889</b>	<b>32.0</b>
<b>Other assets</b>					
Art collection		160	140	20	12.5
<b>Total other assets</b>		<b>160</b>	<b>140</b>	<b>20</b>	<b>12.5</b>
<b>Intangible assets</b>					
Software		-	-	-	-
<b>Total intangible assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital works expenditure</b>		<b>61,549</b>	<b>33,966</b>	<b>27,583</b>	<b>44.8</b>
<b>Represented by:</b>					
New assets		4,886	5,136	(250)	(5.1)
Asset renewal		35,671	20,927	14,744	41.3
Asset upgrade		20,732	7,719	13,013	62.8
Asset expansion		260	184	76	29.2
<b>Total capital works expenditure</b>		<b>61,549</b>	<b>33,966</b>	<b>27,583</b>	<b>44.8</b>

## Explanation of Material Variations – Capital Works

Ref.	Item	Explanation
(a)	Roads, streets & bridges	Watsonia Town Square and East Ivanhoe Village Streetscape Renewal works were delayed with additional design and consultation work undertaken in 2022/23. Construction of Watsonia Town Square is expected to commence in August 2023, and East Ivanhoe Village will commence in early 2024. Budgets have been carried forward to 2023/24.
(b)	Parks and gardens	The Olympic Park Masterplan included Stage 4 works to reconstruct three sports fields, this work in continuing and anticipated for completion in 2023/24. Redmond Court Wetland upgrade will continue into 2023/24 with a carry forward budget. Sediment removal occurred in 2022/23. Pecks Dam Redesign works were completed significantly under budget due to alternative methods being applied.
(c)	Freehold land	Two properties were purchased as strategic property acquisitions during 2022/23 which were unbudgeted. The properties will deliver future public realm benefits and provide additional community infrastructure opportunities.
(d)	Freehold buildings	Rosanna Library & Precinct Upgrade is in detailed design phase with construction of the new library anticipated to commence in 2023/24. A temporary pop-up library was opened in April 2023 which will remain until the new library is available. East Ivanhoe Preschool has been delayed due to budget constraints; existing budget carried forward to 2023/24. Olympic Park Masterplan includes a new soccer and cricket pavilion, the detailed design is underway for construction to commence in 2023/24 with a carry forward budget. Macleod Park Change Rooms design is complete and works are anticipated to commence in 2023/24. This project received an additional grant during 2022/23.
(e)	Motor vehicles	It was anticipated that replacement of heavy fleet (rubbish trucks) and fleet vehicles would occur, however these were delayed. Replacement rubbish trucks and fleet vehicles are on order for delivery in 2023/24 and 2024/25 due to supplier availability.

## 2.2 Analysis of council's results by Directorate

Council delivers its functions and activities through the following Directorates:

### Assets and City Services

Assets and City Services are responsible for building, maintaining and enhancing Council's public spaces, buildings and infrastructure. This includes the collection of waste and recycling, parks and gardens maintenance, plant and fleet management, emergency management and the construction and maintenance of a diverse range of assets that underpin the wellbeing of the community.

### City Development

City Development are responsible for managing sustainable growth and development within Banyule including land use, transport and environmental strategy, approvals and enforcement. This covers a wide range of areas including city futures, planning and building, economic development, property management, municipal laws, environmental sustainability and transport (roads, footpaths, and active transport).

### Community Wellbeing

Community Wellbeing are responsible for supporting and promoting the health and wellbeing of residents within Council. This is done by providing a wide range of programs and services to support the community in living a healthy and active lifestyle and to maintain a connection to the community in which they live. This includes community planning, social enterprise and local jobs; services and for all stages of life including maternal child health, youth and aged; health services, leisure, recreation and culture programs.

### Corporate Services

Corporate Services are responsible for providing efficient, effective and proactive support to the three other directorates to aid them in delivering services to the public. Covering the areas of finance and procurement, organisational systems, human resources, governance and communication; Corporate Services provides oversight and support to the organisation to ensure all legislative requirements are met and we strive to implement best practices across Council.

#### Summary of income/revenue, expenses and assets by Directorate

2023	Income \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
Assets & City Services	13,225	47,094	(33,869)	4,219	821,643
City Development	32,781	21,755	11,026	6,906	290,704
Community Wellbeing	20,573	41,268	(20,695)	9,483	636,697
Corporate Services	1,761	48,637	(46,876)	3,758	213,654
Core Corporate	11	4,869	(4,858)	-	-
General Rates	110,129	112	110,017	-	-
<b>Total</b>	<b>178,480</b>	<b>163,735</b>	<b>14,745</b>	<b>24,366</b>	<b>1,962,698</b>

2022	Income \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
Assets & City Services	15,434	48,417	(32,983)	4,842	817,613
City Development	25,403	21,015	4,388	5,302	289,278
Community Wellbeing	18,631	39,096	(20,465)	9,971	633,575
Corporate Services	6,376	48,593	(42,217)	4,418	212,606
Core Corporate	70	5,841	(5,771)	-	-
General Rates	107,318	327	106,991	-	-
<b>Total</b>	<b>173,232</b>	<b>163,289</b>	<b>9,943</b>	<b>24,533</b>	<b>1,953,072</b>



## Note 3. Funding for the delivery of our services

### 3.1 Rates and Charges

For the basis of rates calculation, Council uses Capital Improved Value as the basis of valuation of all properties within the municipality. The Capital Improved Value of a property is the value of the land, dwellings and all its improvements.

The valuation base used to calculate general rates for 2022/2023 was \$60,417,062,000 excluding cultural & recreational properties and any supplementary valuations processed during the year (\$50,768,059,180 for 2021/2022).

The date of the most recent revaluation of land for rating purposes within the Municipality was on 1 January 2023 and this valuation will be first applied in the rating year commencing 1 July 2023.

The date of the previous revaluation of land for rating purposes within the Municipality was 1 January 2022 and that valuation was first applied in the rating year which commenced on 1 July 2022. These valuations were used in the calculation of rates in the 2023/2024 financial year.

	Note	2023 \$'000	2022 \$'000
Residential		87,509	98,198
Commercial		5,270	6,515
Industrial		2,163	2,589
Cultural and Recreational		12	16
<b>Total general rates</b>		<b>94,954</b>	<b>107,318</b>
General Rates		94,954	107,318
Waste Management Charge		15,175	-
Supplementary Rates		518	774
Interest on Rates		635	589
<b>Total general rates and charges</b>		<b>111,282</b>	<b>108,681</b>
Special Rates and Charges		661	644
Interest on Special Rates and Charges		5	2
<b>Total rates and charges</b>		<b>111,948</b>	<b>109,327</b>

Annual rates and charges are recognised as revenues when Council issues annual rates notices, as a result of the adoption by Council of its annual budget and fulfilling the statutory process. Supplementary rates are recognised when a valuation and reassessment is completed, and a supplementary rate notice issued.

A provision for doubtful debts on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Income from construction special rates and special charges is recognised at the commencement of each scheme. Income from shopping centre special rates and charges schemes is recognised on a yearly basis, for the length of each scheme, as the schemes run on a year by year basis.

### 3.2 Statutory fees and fines

	Note	2023 \$'000	2022 \$'000
Building and Planning permits and fees		3,281	3,410
Food Act and Health registrations		584	582
Local laws infringements and fines		4,261	3,455
Asset protection permits		163	133
Other fees and fines		220	267
<b>Total statutory fees and fines</b>		<b>8,509</b>	<b>7,847</b>

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

### 3.3 User Fees and Charges

	Note	2023 \$'000	2022 \$'000
Aquatic and Leisure Centre fees and charges		5,758	4,284
Building and Planning permits and fees		304	303
Child care centre charges		1,068	1,026
Community buses, halls and events		358	205
Delivered meals charges		426	373
Engineering services' fees		286	286
Functions Centre charges		186	93
Home modifications & property maintenance		95	136
Immunisation fees		399	346
Local laws fees		2,195	1,972
Planned activity group fees and charges		115	45
Pre-school enrolment		107	90
Road, drain & footpath works		170	180
Sports ground rentals income		223	86
Transfer station tipping fees		6,620	7,509
Other fees and charges		371	349
<b>Total user fees and charges</b>		<b>18,681</b>	<b>17,283</b>

	Note	2023 \$'000	2022 \$'000
<b>User fees and charges by timing of revenue recognition</b>			
User fees and charges recognised over time		2,006	1,112
User fees and charges recognised at a point in time		16,675	16,171

	Note	2023 \$'000	2022 \$'000
<b>Total user fees and charges</b>		<b>18,681</b>	<b>17,283</b>

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

### 3.4 Funding from other levels of government

Grants were received in respect of the following:

	Note	2023 \$'000	2022 \$'000
<b>Summary of Grants</b>			
Recurrent		14,896	15,106
Non-recurrent		9,470	9,427
<b>Total grants</b>		<b>24,366</b>	<b>24,533</b>
<b>Summary of Grants</b>			
State Government funded grants		14,528	14,645
Commonwealth Government funded grants		9,838	9,888
<b>Total grants</b>		<b>24,366</b>	<b>24,533</b>
<b>Summary of Grants</b>			
Operating grants		13,608	14,544
Capital grants		10,758	9,989
<b>Total grants</b>		<b>24,366</b>	<b>24,533</b>

#### (a) Operating Grants

	Note	2023 \$'000	2022 \$'000
<b>Recurrent - State Government</b>			
Children's services		297	60
Delivered meals		16	15
HACC assessment and care management		841	800
Home, personal and respite care		245	447
Immunisation		116	121
Maternal and child health centres		1,273	1,397
Planned activity group (incl. carer support)		-	10
Pre-schools and child care centres		1,004	716
Property maintenance		78	26
School crossing supervisors		576	469
Supported playgroup		125	120

	Note	2023 \$'000	2022 \$'000
Vic Roads maintenance		102	97
Working for Victoria		-	464
Youth services		271	213
Other grants		123	263
<b>Total State Government</b>		<b>5,067</b>	<b>5,218</b>
<b>Recurrent - Commonwealth Government</b>			
Child-care centres		1,797	1,819
Delivered meals		202	217
HACC assessment and care management		93	-
Home, personal and respite care		-	56
Social Support Group		1,233	1,386
Property maintenance and home modifications		373	488
Victorian Grants Commission - general purpose		3,758	3,954
Other grants		21	7
<b>Total Commonwealth Government</b>		<b>7,477</b>	<b>7,927</b>
<b>Total recurrent operating grants</b>		<b>12,544</b>	<b>13,145</b>
<b>Non-Recurrent - State Government</b>			
Outdoor Dining & Entertainment (COVID-19)		98	434
Pre-schools and child care centres		15	59
Waste Management		59	201
Jobs Victoria		381	460
Regulation Reform Incentive Fund		260	151
Other grants		242	94
<b>Total State Government</b>		<b>1,055</b>	<b>1,399</b>
<b>Non-Recurrent - Commonwealth Government</b>			
Other grants		9	-
<b>Total Commonwealth Government</b>		<b>9</b>	<b>-</b>
<b>Total non-recurrent operating grants</b>		<b>1,064</b>	<b>1,399</b>
<b>Total operating grants</b>		<b>13,608</b>	<b>14,544</b>

**(b) Capital Grants**

	Note	2023 \$'000	2022 \$'000
<b>Recurrent – State Government</b>			
<b>Total State Government</b>		-	-
<b>Recurrent – Commonwealth Government</b>			
Roads to recovery		898	625
Victoria Grants Commission – local roads		1,454	1,335
<b>Total Commonwealth Government</b>		<b>2,352</b>	<b>1,960</b>
<b>Total recurrent capital grants</b>		<b>2,352</b>	<b>1,960</b>
<b>Non-Recurrent – State Government</b>			
Bellfield Community Centre		240	1,253
Infrastructure upgrades		3,323	3,863
Pre-school and child day care centres		547	794
Sports grounds and pavilions		2,819	1,584
Other grants		1,477	535
<b>Total State Government</b>		<b>8,406</b>	<b>8,029</b>
<b>Non-Recurrent – Commonwealth Government</b>			
Other grants		-	-
<b>Total Commonwealth Government</b>		-	-
<b>Total non-recurrent capital grants</b>		<b>8,406</b>	<b>8,029</b>
<b>Total capital grants</b>		<b>10,758</b>	<b>9,989</b>
<b>Total grants</b>		<b>24,366</b>	<b>24,533</b>

**(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.

	Note	2023 \$'000	2022 \$'000
<b>Income recognised under AASB 1058 Income of Not-for-Profit Entities</b>			
General purpose (VLGGC)		5,212	5,290
Other specific purpose grants		8,761	8,662
<b>Revenue recognised under AASB 15 Revenue from Contracts with Customers</b>			
Specific purpose grants		10,393	10,581
<b>Total</b>		<b>24,366</b>	<b>24,533</b>

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

	Note	2023 \$'000	2022 \$'000
<b>Operating</b>			
Balance at start of year		1,269	668
Received during the financial year and remained unspent at balance date		457	1,143
Received in prior years and spent during the financial year		(1,174)	(542)
<b>Balance of unspent operating grants at year end</b>		<b>552</b>	<b>1,269</b>
<b>Capital</b>			
Balance at start of year		7,556	8,111
Received during the financial year and remained unspent at balance date		7,423	2,695
Received in prior years and spent during the financial year		(4,746)	(3,250)
<b>Balance of unspent capital grants at year end</b>		<b>10,233</b>	<b>7,556</b>
<b>Total unspent grants at year end</b>		<b>10,785</b>	<b>8,825</b>

### 3.5 Interest Income

	Note	2023 \$'000	2022 \$'000
Interest on investments		2,434	419
Interest from sporting clubs		2	2
Other interest		2	-
<b>Total interest income</b>		<b>2,438</b>	<b>421</b>

### 3.6 Rental income

	Note	2023 \$'000	2022 \$'000
Residential/commercial rental		2,382	1,972
Recycling centre rental		749	793
<b>Total rental income</b>		<b>3,131</b>	<b>2,765</b>

Interest and rental income are recognised as they are earned.

### 3.7 Contributions income – monetary

	Note	2023 \$'000	2022 \$'000
Developer contributions		816	745
Public Open Space – contributions		5,518	4,058
Contributions for capital works projects		464	384
Other contributions		594	172
<b>Total contributions – monetary</b>		<b>7,392</b>	<b>5,359</b>

Monetary contributions are recognised as revenue when Council obtains control over the income and/or contributed asset.

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

	Note	2023 \$'000	2022 \$'000
<b>Non-current assets classified as held for sale</b>			
Proceeds from sale of assets	(a)	2,740	-
Less: Written down value of assets sold	6.1	(2,932)	-
<b>Total net gain/(loss) on sale of assets classified as held for sale</b>		<b>(192)</b>	<b>-</b>
<b>Property, infrastructure, plant and equipment</b>			
Proceeds from sale of assets	(a)	3,467	639
Compensation for land divested by the state government as part of the North East Link Project	(b)	33	3,667
Less: Written down value of assets disposed	6.2	(3,286)	(426)
<b>Total net gain on sale/disposal of property, infrastructure, plant and equipment</b>		<b>214</b>	<b>3,880</b>
<b>Total net gain on disposal of assets held for sale and property, infrastructure, plant and equipment</b>		<b>22</b>	<b>3,880</b>

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

- (a) Land at 15 Flintoff Street, Greensborough was compulsory acquired by the Victorian Government during 2022/23 as part of the Car Parks for Commuters Project. The value of compensation to Council is still under negotiation, a Trade & Other Receivables item has been recognised at the current book value.

- (b) The property known as Borlase Reserve was compulsory acquired by the Victorian Government during 2019/20 as part of the North East Link Project. The value of compensation to Council is still under negotiation with VCAT, \$3.50 million was paid to Council during 2021/22 while arbitration continues.

### 3.9 Other Income

	Note	2023 \$'000	2022 \$'000
Insurance claims		-	162
Recoup FSPL administration costs		-	81
Sale of surplus parcels of land		226	62
Vehicle Contributions		283	292
Workcover reimbursements		919	697
Other revenue		485	371
<b>Total other income</b>		<b>1,913</b>	<b>1,665</b>

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



## Note 4. The cost of delivering services

### 4.1 (a) Employee costs

	Note	2023 \$'000	2022 \$'000
Salaries and wages		58,678	57,060
Annual leave and loading		5,524	4,904
Long service leave		996	831
Superannuation		6,440	5,906
WorkCover		1,484	944
Other on costs		286	218
Less: Capitalised labour		(1,074)	(719)
Less: Capitalised oncosts		(268)	(180)
<b>Total employee costs</b>		<b>72,066</b>	<b>68,964</b>

### 4.1 (b) Superannuation

Council made contributions to the following funds:

	Note	2023 \$'000	2022 \$'000
<b>Defined benefit fund</b>			
Employer contributions to Local Authorities Superannuation Fund (Vision Super)		181	240
		<b>181</b>	<b>240</b>
Employer contributions payable at reporting date:		-	-
<b>Accumulation funds</b>			
Employer contributions to Local Authorities Superannuation Fund (Vision Super)		6,259	5,666
		<b>6,259</b>	<b>5,666</b>
Employer contributions payable at reporting date		-	-

Vision Super acts as a clearing house for all employees with alternative super funds, so all superannuation is paid by Council to Vision Super.

Refer to Notes 8.1(c) and 9.3 for further information relating to Council's superannuation obligations.

## 4.2 Materials, contracts and services

	Note	2023 \$'000	2022 \$'000
Advertising		198	406
Auditor's remuneration	4.13	141	182
Bank and payment collection fees		339	300
Building and Planning charges and government fees		69	110
Child care centre costs		102	101
Contractor costs			
• Agency staffing		4,281	5,157
• Aquatic and leisure costs		1,244	824
• Building maintenance costs		2,244	1,507
• Consultant costs		707	1,098
• Election related costs		-	-
• Information Technology services and licenses		3,001	2,675
• Initiative costs		2,524	3,720
• Legal expenses		658	602
• Parking and traffic enforcement		1,836	1,385
• Parks maintenance		2,410	2,284
• Waste collection costs		1,034	976
• Other contractor costs		6,760	5,632
General materials and supplies		3,243	3,336
Infringement collection lodgement fees		226	176
Insurances		2,030	1,718
Plant and motor vehicle operating		3,125	2,591
Postage costs		261	285
Printing, stationery and external communications		817	740
Program costs		1,477	1,158
Staff training and equipment		1,033	1,023
Sundry expenses		282	203
Waste disposal general		8,959	10,172
Other		1,750	1,104
<b>Total materials, contract and services</b>		<b>50,751</b>	<b>49,465</b>

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

### 4.3 Utility charges

	Note	2023 \$'000	2022 \$'000
Gas and electricity		2,751	2,408
Public street lighting		563	540
Telephone		355	390
Water		823	712
<b>Total utility charges</b>		<b>4,492</b>	<b>4,050</b>

### 4.4 Depreciation

	Note	2023 \$'000	2022 \$'000
Infrastructure	6.2(a)	14,806	13,374
Property	6.2(a)	4,005	3,886
Investment Property	6.4	89	87
Plant and equipment	6.2(a)	4,290	4,839
<b>Total depreciation</b>		<b>23,190</b>	<b>22,186</b>

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

### 4.5 Amortisation – intangible assets

	Note	2023 \$'000	2022 \$'000
Software	5.2(c)	222	222
<b>Total amortisation – intangible assets</b>		<b>222</b>	<b>222</b>

### 4.6 Amortisation – right of use assets

	Note	2023 \$'000	2022 \$'000
Leasehold improvements	6.2(a)	69	68
Plant and equipment		358	367
Property and infrastructure		132	105
<b>Total amortisation – right of use assets</b>		<b>559</b>	<b>540</b>

#### 4.7 Donations expenditure

	Note	2023 \$'000	2022 \$'000
Banyule Support and Information		105	92
Community Services grants		202	221
Diamond Valley Community Support		105	91
Economic Support Package (COVID-19 Support)		59	554
Environmental sustainability		66	116
Other donations		561	434
<b>Total donations expenditure</b>		<b>1,098</b>	<b>1,508</b>

#### 4.8 Finance cost - leases

	Note	2023 \$'000	2022 \$'000
Interest - lease liabilities		14	28
<b>Total finance cost - leases</b>		<b>14</b>	<b>28</b>

#### 4.9 Borrowing costs

	Note	2023 \$'000	2022 \$'000
Interest on borrowings - total		1,666	1,900
<b>Total borrowing costs</b>		<b>1,666</b>	<b>1,900</b>

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

#### 4.10 Contributions expense

	Note	2023 \$'000	2022 \$'000
Darebin Creek management		143	141
Neighbourhood Houses		230	313
Traders Associations contributions		1,170	1,152
Yarra Plenty Regional Library		5,551	5,377
YMCA contributions		129	100
Other contributions		451	260
<b>Total contributions expense</b>		<b>7,674</b>	<b>7,343</b>

#### 4.11 Bad and doubtful debts – Allowance for impairment losses

	Note	2023 \$'000	2022 \$'000
Animal fines debtors		25	15
Local law fines debtors		49	28
Parking fines debtors		379	313
Other debtors		(364)	527
<b>Total bad and doubtful debts</b>		<b>89</b>	<b>883</b>

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.

##### (i) Movement in Provisions for Doubtful Debts – Other Debtors

	Note	2023 \$'000	2022 \$'000
Balance at beginning of the year		597	92
New provisions recognised during the year		-	527
Amounts already provided for and written off as uncollectable		(31)	(22)
Amounts previously provided for but recovered during the year		(364)	-
<b>Balance at end of the year</b>		<b>202</b>	<b>597</b>

##### (ii) Movement in Provisions for Doubtful Debts – Parking & Other By Laws Debtors

	Note	2023 \$'000	2022 \$'000
Balance at beginning of the year		3,422	3,066
New provisions recognised during the year		453	364
Amounts already provided for and written off as uncollectable		-	(8)
Amounts previously written off but recovered during the year		-	-
<b>Balance at end of the year</b>		<b>3,875</b>	<b>3,422</b>

#### 4.12 Other expenses

	Note	2023 \$'000	2022 \$'000
WaterMarc Contractual Obligations		-	1,839
Councillor allowances		443	408
Fire Service Property Levy on Council properties		180	168
General Rate Waivers		156	326
Local Business Support Payments (Special Rates)		-	640
Records storage		44	36

	Note	2023 \$'000	2022 \$'000
Short-term and low value leases	5.8	7	10
Other		560	524
<b>Total other expenses</b>		<b>1,390</b>	<b>3,951</b>

#### 4.13 Auditors' remuneration

	Note	2023 \$'000	2022 \$'000
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals		58	63
Auditors' remuneration - Internal Audit		81	117
Fees for minor audits - other external auditors		2	2
<b>Total auditors' remuneration</b>	<b>4.2</b>	<b>141</b>	<b>182</b>

## Note 5. Our financial position

### 5.1 Financial assets

#### (a) Cash and cash equivalents

	Note	2023 \$'000	2022 \$'000
Cash on hand		8	7
Cash at bank		20,770	8,453
Money market call account		3,000	11,498
<b>Total cash and cash equivalents</b>		<b>23,778</b>	<b>19,958</b>

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

#### (b) Other financial assets

	Note	2023 \$'000	2022 \$'000
Term deposits – current		60,100	65,000
Managed Funds – Victorian Funds Management Corporation	(i)	5,120	-
<b>Total other financial assets</b>		<b>65,220</b>	<b>65,000</b>
<b>Total financial assets</b>		<b>88,998</b>	<b>84,958</b>

Other financial assets are valued at fair value, being market 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. Term deposits 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.

Managed funds are measured at fair value. Unrealised and realised gains and losses from revaluations of financial assets at fair value are recognised in the Statement of Comprehensive Income, under fair value adjustments.

#### (i) Managed funds

	Note	2023 \$'000	2022 \$'000
Opening Balance		-	-
Additions		5,000	-
Interest Earned		58	-
Fair Value adjustment		62	-
<b>Closing balance</b>		<b>5,120</b>	<b>-</b>

**(c) Trade and other receivables**

	Note	2023 \$'000	2022 \$'000
<b>Current</b>			
<b>Statutory receivables</b>			
Rates debtors		8,617	7,598
Special rates and charges debtors		81	56
Parking infringement debtors		4,691	4,131
Provision for doubtful debts – parking infringements		(3,395)	(3,016)
Other by-laws debtors		724	636
Provision for doubtful debts – other by-laws		(480)	(406)
Net GST receivable		1,803	1,220
<b>Non-statutory receivables</b>			
Club contribution debtors	(i)	3	10
Other debtors	(i)	10,072	10,860
Provision for doubtful debts – other debtors	(ii)	(202)	(597)
<b>Total current</b>		<b>21,914</b>	<b>20,492</b>
<b>Non-Current</b>			
<b>Statutory receivables</b>			
Rates debtors		73	66
<b>Non-statutory receivables</b>			
Club contribution debtors	(i)	55	59
Other debtors	(i)	71	73
<b>Total non-current</b>		<b>199</b>	<b>198</b>
<b>Total trade and other receivables</b>		<b>22,113</b>	<b>20,690</b>

Note: Non-current trade and other receivables includes debtors who are on long term interest-accruing payment plans and bonds and deposits which are not expected to be returned in the next 12 months.

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. Long term receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised using the expected credit loss method, based on analysis of the history of debts written off.

**(i) Ageing of Receivables**

At balance date other debtors representing financial assets were past due, but not impaired.

The ageing of Council's Trade and Other Receivables (excluding statutory receivables) was

	Note	2023 \$'000	2022 \$'000
Current – not yet due		8,221	7,305
Past due – by up to 30 days		497	300



	Note	2023 \$'000	2022 \$'000
Past due – between 31 and 60 days		200	248
Past due – between 61 and 90 days		526	320
Past due – more than 91 days		757	2,829
<b>Total trade and other receivables</b>	<b>(i)</b>	<b>10,201</b>	<b>11,002</b>

(i) These items are considered non-statutory receivables and therefore treated as financial instruments and are included in the ageing of receivables table.

#### Impairment of aged non-statutory receivables

Financial assets	Debtor gross carrying amount \$'000	Expected Loss %	Lifetime expected credit losses \$'000
Current – not yet due	8,221	0.07%	5
Past due – by up to 30 days	497	0.78%	4
Past due – between 31 and 60 days	200	0.87%	2
Past due – between 61 and 90 days	526	9.07%	48
Past due – more than 91 days	757	18.87%	143
<b>Total</b>	<b>10,201</b>		<b>202</b>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward-looking information in determining the level of impairment, including any expected impact from COVID-19 financial pressures placed on debtors.

## 5.2 Non-financial assets

### (a) Inventories

Non-financial assets	Note	2023 \$'000	2022 \$'000
Inventories held for distribution at cost		49	76
<b>Total inventories</b>		<b>49</b>	<b>76</b>

Inventories held for distribution are measured at cost, adjusted when applicable, for any loss of service potential.

### (b) Prepayments

Non-financial assets	Note	2023 \$'000	2022 \$'000
Prepayments		2,640	1,877
<b>Total other assets</b>		<b>2,640</b>	<b>1,887</b>

**(c) Intangible assets**

<b>Non-financial assets</b>	<b>Note</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Software at cost	(a)	284	506
<b>Total intangible assets</b>		<b>284</b>	<b>506</b>

(a) Intangible assets are comprised of Council's Electronic Document and Records Management System (EDRMS) software purchase and in-house development costs.

**Intangible assets reconciliation**

	<b>Note</b>	<b>Software \$'000</b>
<b>Gross carrying amount</b>		
Balance at 1 July 2022		2,217
Impaired/Written Off (WIP)		-
Balance at 30 June 2023		<b>2,217</b>
<b>Accumulated amortisation</b>		
Balance at 1 July 2022		(1,711)
Amortisation expense		(222)
Balance at 30 June 2023		<b>(1,933)</b>
<b>Net book value at 30 June 2022</b>		<b>506</b>
<b>Net book value at 30 June 2023</b>		<b>284</b>

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

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

#### (a) Trade and other payables – current

##### Non-statutory payables

	Note	2023 \$'000	2022 \$'000
Trade creditors		8,514	11,377
Accrued expenses		3,408	4,291
<b>Total trade and other payables</b>		<b>11,922</b>	<b>15,668</b>

#### (b) Trust funds and deposits

	Note	2023 \$'000	2022 \$'000
<b>Summary</b>			
Current		6,693	5,853
Non-current		1,171	1,151
<b>Total trust funds and deposits</b>		<b>7,864</b>	<b>7,004</b>
<b>Summary</b>			
Trust funds	5.1(b)	1,285	1,239
Deposits held	5.1(b)	6,579	5,765
<b>Total trust funds and deposits</b>		<b>7,864</b>	<b>7,004</b>
<b>Current trust funds</b>			
Funds relating to planning permit conditions		79	53
Other trust funds		35	35
<b>Total current trust funds</b>		<b>114</b>	<b>88</b>
<b>Current refundable deposits held</b>			
Road opening permits		6,245	5,385
Sub-divisions		24	24
Sundry		181	181
Tender contracts		55	53
Other deposits		74	122
<b>Total current refundable deposits held</b>		<b>6,579</b>	<b>5,765</b>
<b>Total current trust funds and deposits held</b>		<b>6,693</b>	<b>5,853</b>
<b>Non-current trust funds</b>			
Funds relating to Planning Permit conditions		1,171	1,151
<b>Total non-current trust funds</b>		<b>1,171</b>	<b>1,151</b>

	Note	2023 \$'000	2022 \$'000
<b>Total trust funds and deposits</b>		<b>7,864</b>	<b>7,004</b>

**Purpose and nature of items**

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

Trust Funds – Funds are received by Council and they are to be spent for a specific purpose

**(c) Unearned income/revenue - Current**

	Note	2023 \$'000	2022 \$'000
Capital Sales		-	2,900
Grant received in advance – operating		198	943
Grant received in advance – capital		10,233	7,556
Prepaid revenue		709	660
Other contributions		151	15
<b>Total unearned income</b>		<b>11,291</b>	<b>12,074</b>

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of services for which Council is yet to meet its obligations (e.g. Aquatic/Gym Memberships). Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

**5.4 Interest bearing liabilities**

	Note	2023 \$'000	2022 \$'000
<b>Current</b>			
Borrowings – secured	(a)	1,014	939
<b>Total Current</b>		<b>1,014</b>	<b>939</b>
<b>Non-Current</b>			
Borrowings – secured	(a)	18,857	19,871
<b>Total Non-Current</b>		<b>18,857</b>	<b>19,871</b>
<b>Total Interest bearing loans and borrowings</b>		<b>19,871</b>	<b>20,810</b>

(a) The interest bearing loans are secured by a deed of charge over Council rates.

The maturity profile of Council's borrowings is:

	Note	2023 \$'000	2022 \$'000
Not later than one year		1,014	939

Later than one year, but not later than five years		5,009	4,617
Later than five years		13,848	15,254
<b>Total Interest bearing loans and borrowings</b>		<b>19,871</b>	<b>20,810</b>

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

## 5.5 Provisions

2023	Annual Leave \$'000	Long Service Leave \$'000	Purchased Leave \$'000	Total \$'000
Balance at beginning of the financial year	5,530	10,991	50	16,571
Additional provisions	5,540	1,498	59	7,097
Amounts used	(5,556)	(1,703)	(49)	(7,308)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(15)	8	-	(7)
<b>Balance at the end of the financial year</b>	<b>5,499</b>	<b>10,794</b>	<b>60</b>	<b>16,353</b>

2022	Annual Leave \$'000	Long Service Leave \$'000	Purchased Leave \$'000	Total \$'000
Balance at beginning of the financial year	5,920	12,371	29	18,320
Additional provisions	4,947	1,397	57	6,401
Amounts used	(5,294)	(2,379)	(36)	(7,709)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(43)	(398)	-	(441)
<b>Balance at the end of the financial year</b>	<b>5,530</b>	<b>10,991</b>	<b>50</b>	<b>16,571</b>

**Employee provisions:****Current**

Current provisions expected to be wholly settled within 12 months:

	Note	2023 \$'000	2022 \$'000
Annual Leave		4,984	4,895
Long Service Leave		1,314	1,258
Purchased Leave		60	50
<b>Total Current provisions expected to be wholly settled within 12 months</b>		<b>6,358</b>	<b>6,203</b>

Current provisions expected to be wholly settled after 12 months:

	Note	2023 \$'000	2022 \$'000
Annual Leave		515	635
Long Service Leave		8,442	8,646
Purchased Leave		-	-
<b>Total Current provisions expected to be wholly settled after 12 months</b>		<b>8,957</b>	<b>9,281</b>
<b>Total Current Employee provisions</b>		<b>15,315</b>	<b>15,484</b>

**Non-Current**

	Note	2023 \$'000	2022 \$'000
<b>Non-Current</b>			
Long Service Leave		1,038	1,087
<b>Total Non-Current Employee provisions</b>		<b>1,038</b>	<b>1,087</b>
<b>Total Employee provisions</b>		<b>16,353</b>	<b>16,571</b>

**Employee Provisions Summary**

	Note	2023 \$'000	2022 \$'000
Current		15,315	15,484
Non-current		1,038	1,087
<b>Total aggregate carrying amount of employee provisions</b>		<b>16,353</b>	<b>16,571</b>

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

**Annual leave and purchased 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 is recognised in the provision for employee benefits.

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:

- Weighted average increase in employee costs 3.00% (1.75% in 2022)
- Discount rate from 1 year to 16 years within the range of 3.9520% to 4.3680% (2.380% to 3.710% in 2022)
- Settlement period from 1 year to 16 years.

## 5.6 Financing arrangements

	Note	2023 \$'000	2022 \$'000
<b>Facilities</b>			
Business card facilities		200	200
Overdraft facilities		700	700
Interest bearing loans	5.4	19,871	20,810
<b>Total facilities</b>		<b>20,771</b>	<b>21,710</b>
<b>Unused Facilities</b>			
Business card facilities		154	162
Overdraft facilities		700	700
<b>Total Unused Facilities</b>		<b>854</b>	<b>862</b>
<b>Used Facilities</b>			
Business card facilities		46	38
Interest bearing loans	5.4	19,871	20,810
<b>Total Used Facilities</b>		<b>19,917</b>	<b>20,848</b>
<b>Total facilities</b>		<b>20,771</b>	<b>21,710</b>

## 5.7 Commitments

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 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Asset maintenance	192	-	-	-	192
Cleaning services	33	-	-	-	33
Consulting services	101	-	-	-	101
Insurance	46	-	-	-	46
IT services & licences	48	48	51	-	185
Leisure equipment & services	545	-	-	38	545
Tree pruning	326	-	-	-	326
Waste management	33	-	-	-	33
<b>Total operating commitments</b>	<b>1,324</b>	<b>48</b>	<b>51</b>	<b>-</b>	<b>1,461</b>



2023	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Capital</b>					
Buildings	4,378	301	-	-	4,679
Furniture & Fittings	225	-	-	-	225
Parks	1108	-	-	-	1,108
Plant & Equipment	1106	115	112	-	1,333
Playgrounds	158	-	-	-	158
Roads & Footpaths	1645	-	-	-	1,645
<b>Total capital commitments</b>	<b>8,620</b>	<b>416</b>	<b>112</b>	<b>-</b>	<b>9,148</b>

### Commitments for expenditure

2022	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Asset maintenance	365	181	121	-	667
Audit services	45	90	-	-	135
Cleaning services	897	-	-	-	897
Consulting services	54	-	-	-	54
Delivered meals	150	-	-	-	150
Insurance	2,114	-	-	-	2,114
IT Services & Licences	1,410	601	642	-	2,653
Leisure Equipment & Services	190	34	35	-	259
Security services	211	-	-	-	211
Tree pruning	818	902	1,161	-	2,881
Other contracts	53	-	-	-	53
<b>Total operating commitments</b>	<b>6,307</b>	<b>1,808</b>	<b>1,959</b>	<b>-</b>	<b>10,074</b>
<b>Capital</b>					
Buildings	1,730	295	-	-	2,025
Plant & Equipment	220	-	-	-	220
Roads	2,825	-	-	-	2,825
<b>Total capital commitments</b>	<b>4,775</b>	<b>295</b>	<b>-</b>	<b>-</b>	<b>5,070</b>

### (b) Operating lease receivables

At the reporting date, Council has entered into commercial property leases on some of its properties. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 25 years. Some leases include a CPI based revision of the rental charge annually.

Future undiscounted minimum rental income under non-cancellable operating leases is as follows:

	2023 \$'000	2022 \$'000
Not later than one year	2,781	1,668
Later than one year and not later than five years	5,314	1,525
Later than five years	4,663	2,742
<b>Total operating lease receivables</b>	<b>12,758</b>	<b>5,935</b>

The income for the period is shown in the Comprehensive Income Statement, under revenue as rental income.

## 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.

#### Right of use assets

	Plant and equipment \$'000	Property and infrastructure \$'000	Total \$'000
Balance at 1 July 2021	730	344	1,074
Amortisation charge	(367)	(105)	(472)
<b>Balance at 30 June 2022</b>	<b>363</b>	<b>239</b>	<b>602</b>
Balance at 1 July 2022	363	239	602
Additional Leases	150	95	245
Amortisation charge	(358)	(132)	(490)
<b>Balance at 30 June 2023</b>	<b>155</b>	<b>202</b>	<b>357</b>

#### Lease liabilities

	2023 \$'000	2022 \$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	310	377
One to five years	51	189
More than five years	-	-
<b>Total undiscounted lease liabilities as at 30 June</b>	<b>361</b>	<b>566</b>
<b>Lease liabilities included in the Balance Sheet at 30 June</b>		
Current	304	370
Non-current	51	190
<b>Total lease liabilities</b>	<b>355</b>	<b>560</b>

#### Short-term and low value leases

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

## Expenses relating to:

	2023 \$'000	2022 \$'000
Short term leases	-	-
Leases of low value assets	5	4
<b>Total</b>	<b>5</b>	<b>4</b>
Variable lease payments (not included in measurement of 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:

	2023 \$'000	2022 \$'000
Within one year	5	4
Later than one year but not later than five years	1	1
<b>Total lease commitments</b>	<b>6</b>	<b>5</b>

## Note 6. Assets we manage

### 6.1 Non-current assets classified as held for sale

	Note	2023 \$'000	2022 \$'000
<b>Current - To be sold within 12 months</b>			
Opening balance on Council's valuation		14,608	12,657
Transfer from property, infrastructure, plant and equipment		-	1,734
Change in valuation		-	217
Less: Written down value of assets sold		(2,932)	-
<b>Assets held for sale (Current)</b>		<b>11,676</b>	<b>14,608</b>
<b>Non-Current - To be sold later than 12 months</b>			
Opening balance on Council's valuation		13,125	16,250
Transfer from property, infrastructure, plant and equipment		2,034	-
Loss on Fair Value	(a)	-	(3,125)
<b>Assets held for sale (Non-Current)</b>		<b>15,159</b>	<b>13,125</b>
<b>Total non-current assets classified as held for sale</b>		<b>26,835</b>	<b>27,733</b>

A non-current asset classified as held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are 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.

(a) Loss on Fair Value associated with property that was previously classified as an Investment Property for capital growth. Property was reclassified to Asset Held for Resale upon signing of a sales contract.

**Non-current assets classified as held for sale**

<b>2023</b>	<b>Note</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
Asset held for sale-land (non-specialised)	(b)	26,835	-	-
Asset held for sale-buildings (non-specialised)	(b)	-	-	-
<b>Total</b>		<b>26,835</b>	<b>-</b>	<b>-</b>

<b>2022</b>	<b>Note</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
Asset held for sale-land (non-specialised)	(b)	26,434	-	-
Asset held for sale-buildings (non-specialised)	(b)	1,299	-	-
<b>Total</b>		<b>27,733</b>	<b>-</b>	<b>-</b>

(b) Classified in accordance with fair value hierarchy – see Note 6.2.

**6.2 Property, Infrastructure, Plant and Equipment****Summary of Property, Infrastructure, Plant and Equipment 2023**

<b>2023</b>	<b>Infrastructure \$'000</b>	<b>Plant &amp; equip \$'000</b>	<b>Property \$'000</b>	<b>Art \$'000</b>	<b>W.I.P \$'000</b>	<b>Total \$'000</b>
Carrying value 1 July 2022	446,702	16,144	1,313,046	1,480	21,853	1,799,225
Acquisitions	16,559	1,475	6,851	140	8,941	33,966
Transfer between class	1,656	45	17,677	12	(19,390)	-
Transfer to asset held for sale	-	-	(2,034)	-	-	(2,034)
Transfer to investment property	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Depreciation	(14,806)	(4,290)	(4,074)	-	-	(23,170)
Impairment	-	-	-	-	(305)	(305)
Disposal	(1)	(18)	(3,267)	-	-	(3,286)
<b>Carrying value 30 June 2023</b>	<b>450,110</b>	<b>13,356</b>	<b>1,328,199</b>	<b>1,632</b>	<b>11,099</b>	<b>1,804,396</b>

### Summary of Work in Progress (WIP)

2023	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Written off \$'000	Closing WIP \$'000
Roads	1,567	726	(1,193)	-	1,100
Drainage	350	150	(53)	-	447
Parks and gardens	1,098	4,431	(406)	(19)	5,104
Playgrounds	10	77	(4)	-	83
Freehold buildings	18,700	3,136	(17,734)	(286)	3,816
Land	128	6	-	-	134
Furniture and fittings	-	14	-	-	14
Plant and equipment	-	401	-	-	401
Arts	-	-	-	-	-
<b>Total work in progress</b>	<b>21,853</b>	<b>8,941</b>	<b>(19,390)</b>	<b>(305)</b>	<b>11,099</b>

### Asset recognition thresholds and depreciation periods

Asset Category	Depreciation Rate %	Useful life years	Threshold Limit \$
<b>Property, infrastructure, plant and equipment</b>			
Roads, streets and bridges			
• Roads – seals	4	25	All
• Roads – sub-structure	1	100	All
• Bridges, medians & local area traffic management	1.00 – 1.18	100 – 85	10,000
• Footpaths	1.67	60	All
• Kerb and channel	1.42	70	All
Drainage	1	100	5,000
Parks and gardens	4 – 20	25 – 5	1,000
Playgrounds	5.55	18	1,000
Freehold buildings	1.25	80	5,000
Freehold land	-	-	All
Motor vehicles	15	6.60	All
Plant and equipment	4.00 – 33.33	25 – 3	1,000
Furniture and fittings	5 – 10	20 – 10	5,000
Works of art	-	-	All
<b>Leasehold improvements</b>			
Leasehold improvements - building	10	10	5,000
<b>Intangibles</b>			
IT software	10	10	50,000

**(a) Reconciliation**

Reconciliations of the carrying amounts of each class of property, infrastructure, plant and equipment at the beginning and end of the current financial year are set out below:

**Infrastructure**

<b>Infrastructure</b>	<b>Roads, streets and bridges \$'000</b>	<b>Drainage \$'000</b>	<b>Parks and gardens \$'000</b>	<b>Playgrounds \$'000</b>	<b>TOTAL Infrastructure \$'000</b>
At fair value 1 July 2022	498,954	252,098	80,285	12,370	843,707
Accumulated depreciation at 1 July 2022	(217,406)	(138,557)	(34,424)	(6,618)	(397,005)
<b>Carrying value at 1 July 2022</b>	<b>281,548</b>	<b>113,541</b>	<b>45,861</b>	<b>5,752</b>	<b>446,702</b>
<b>Movements in Fair Value</b>					
Acquisition of assets at fair value	9,500	466	6,278	315	16,559
Transfers	1,193	54	405	4	1,656
Disposals	-	-	-	(25)	(25)
Revaluation increments/(decrements)	-	-	-	-	-
<b>Total</b>	<b>10,693</b>	<b>520</b>	<b>6,683</b>	<b>294</b>	<b>18,190</b>
<b>Movements in accumulated depreciation</b>					
Depreciation	(8,950)	(2,523)	(2,698)	(635)	(14,806)
Accumulated depreciation of disposals	-	-	-	24	24
Revaluation increments/(decrements)	-	-	-	-	-
<b>Total</b>	<b>(8,950)</b>	<b>(2,523)</b>	<b>(2,698)</b>	<b>(611)</b>	<b>(14,782)</b>
At fair value 30 June 2023	509,647	252,618	86,968	12,664	861,897
Accumulated depreciation at 30 June 2023	(226,356)	(141,080)	(37,122)	(7,229)	(411,787)
<b>Carrying value at 30 June 2023</b>	<b>283,291</b>	<b>111,538</b>	<b>49,846</b>	<b>5,435</b>	<b>450,110</b>

**Plant and Equipment**

<b>Plant and Equipment</b>	<b>Motor vehicles \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Furniture and fittings \$'000</b>	<b>Waste Management \$'000</b>	<b>TOTAL Plant and Equipment \$'000</b>
At fair value 1 July 2022	21,078	25,700	6,918	2,302	55,998



Plant and Equipment	Motor vehicles \$'000	Plant and equipment \$'000	Furniture and fittings \$'000	Waste Management \$'000	TOTAL Plant and Equipment \$'000
Accumulated depreciation at 1 July 2022	(12,752)	(21,324)	(5,778)	-	(39,854)
<b>Carrying value at 1 July 2022</b>	<b>8,326</b>	<b>4,376</b>	<b>1,140</b>	<b>2,302</b>	<b>16,144</b>
<b>Movements in Fair Value</b>					
Acquisition of assets at fair value	-	1,092	164	219	1,475
Transfers	-	-	45	-	45
Disposals	(415)	(582)	-	-	(997)
<b>Total</b>	<b>(415)</b>	<b>510</b>	<b>209</b>	<b>219</b>	<b>523</b>
<b>Movements in accumulated depreciation</b>					
Depreciation	(2,362)	(1,405)	(276)	(247)	(4,290)
Accumulated Depreciation of Disposals	404	575	-	-	979
<b>Total</b>	<b>(1,958)</b>	<b>(830)</b>	<b>(276)</b>	<b>(247)</b>	<b>(3,311)</b>
At fair value 30 June 2022	20,663	26,210	7,127	2,521	56,521
Accumulated depreciation at 30 June 2022	(14,710)	(22,154)	(6,054)	(247)	(43,165)
<b>Carrying value at 30 June 2023</b>	<b>5,953</b>	<b>4,056</b>	<b>1,073</b>	<b>2,274</b>	<b>13,356</b>

**Property and Other Assets**

Property and Other Assets	Note	Freehold land \$'000	Freehold buildings \$'000	Leasehold Improvements \$'000	TOTAL Property \$'000	Art collection \$'000	TOTAL Other \$'000
At fair value 1 July 2022		1,094,353	308,465	684	1,403,502	1,480	1,480
Accumulated depreciation at 1 July 2022		-	(90,062)	(394)	(90,456)	-	-
<b>Carrying value at 1 July 2022</b>		<b>1,094,353</b>	<b>218,403</b>	<b>290</b>	<b>1,313,046</b>	<b>1,480</b>	<b>1,480</b>
<b>Movements in Fair Value</b>							
Acquisition of assets at fair value		2,006	4,790	55	6,851	140	140
Transfers		-	17,677	-	17,677	12	12
Transfers to asset held for sale		(2,034)	-	-	(2,034)	-	-
Disposals		(3,267)	-	-	(3,267)	-	-

Property and Other Assets	Note	Freehold land \$'000	Freehold buildings \$'000	Leasehold Improvements \$'000	TOTAL Property \$'000	Art collection \$'000	TOTAL Other \$'000
Revaluation increments/(decrements)		-	-	-	-	-	-
<b>Total</b>		<b>(3,295)</b>	<b>22,467</b>	<b>55</b>	<b>19,227</b>	<b>152</b>	<b>152</b>
<b>Movements in accumulated depreciation</b>							
Depreciation		-	(4,005)	(69)	(4,074)	-	-
Transfers to asset held for sale		-	-	-	-	-	-
Accumulated Depreciation of Disposals		-	-	-	-	-	-
Revaluation		-	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>(4,005)</b>	<b>(69)</b>	<b>(4,074)</b>	<b>-</b>	<b>-</b>
At fair value 30 June 2023		1,091,058	330,932	739	1,422,729	1,632	1,632
Accumulated depreciation at 30 June 2023		-	(94,067)	(463)	(94,530)	-	-
<b>Carrying value at 30 June 2023</b>		<b>1,091,058</b>	<b>236,865</b>	<b>276</b>	<b>1,328,199</b>	<b>1,632</b>	<b>1,632</b>

**Work in progress**

Work in progress	Property \$'000	Plant & Equipment \$'000	Infrastructure \$'000	Arts \$'000	TOTAL WIP \$'000
At fair value 1 July 2022	18,828	-	3,025	-	21,853
<b>Carrying value at 1 July 2022</b>	<b>18,828</b>	<b>-</b>	<b>3,025</b>	<b>-</b>	<b>21,853</b>

**Movements in Fair Value**

Acquisition of assets at fair value	3,142	415	5,384	-	8,941
Transfers	(17,734)	-	(1,656)	-	(19,390)
Written off	(286)	-	(19)	-	(305)
<b>Total</b>	<b>(14,878)</b>	<b>415</b>	<b>3,709</b>	<b>-</b>	<b>(10,754)</b>
At fair value 30 June 2023	3,950	415	6,734	-	11,099
<b>Carrying value at 30 June 2023</b>	<b>3,950</b>	<b>415</b>	<b>6,734</b>	<b>-</b>	<b>11,099</b>

Note: There is additional Work In Progress capitalised under Note 5.2(c) Intangible Assets

**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.

Roads, drainage and building assets have been brought to account in the Balance Sheet of Council at cost in the year of acquisition or construction and are subject to depreciation on a straight line basis over their useful lives from the financial year following acquisition. These assets were revalued at 30 June 2022 at their current replacement cost less accumulated depreciation (calculated on a straight line basis).

Land assets have been brought to account in the Balance Sheet of Council at cost in the year of acquisition. These assets were revalued at 30 June 2022 at their fair value. Land is not subject to depreciation.

Parks and gardens assets, playgrounds, motor vehicles, plant and equipment, furniture and fittings, art collection assets, waste management big bins and intangible assets have been brought to account in the Balance Sheet of Council at cost in the year of acquisition or construction and are valued at cost.

**Work in Progress**

Any work in progress at the end of a financial year is identified and recorded as a non-current asset in the Balance Sheet. Upon completion of each project, the value of work in progress will be transferred to the appropriate non-current depreciable asset class within infrastructure, property plant and equipment of the Balance Sheet and will be subject to appropriate depreciation charges thereafter.

**Leasehold Improvements**

Leasehold improvements are recognised at cost and are amortised over the shorter of; the unexpired period of the lease or, the estimated useful life of the improvement. At balance date, leasehold improvements are amortised over a 10 year period.

**Land under roads**

Council does not recognise land under roads that it controlled prior to 30 June 2008. Land under roads acquired after 30 June 2008, if material, will be brought to account at fair value in line with Accounting Standard 1051.

**Depreciation and Amortisation**

Infrastructure assets, buildings, land improvements, plant and equipment, and other assets having limited useful lives are systematically depreciated over their useful lives to 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. Depreciation for roads and drainage assets are depreciated from the financial year following acquisition or construction.

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.

Straight line depreciation is charged based on the residual useful life as determined each year. Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

Land is not a depreciable asset. Council's art collection assets are not considered depreciable.

Depreciation of all assets is provided using the straight line basis with rates that are reviewed each reporting period. The 2022/23 depreciation rates have not changed from the previous year.

### Repairs and Maintenance

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

### (b) Valuation of land and buildings

At 30 June 2022, Council's land and buildings were restated to Council's valuation of fair value based on existing use. The valuations were carried out by Council's Valuer, Mr C Kouratos, AAPI.

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 or 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 (if any) will have a significant impact on the fair value of these assets.

The date and type of the current valuation is detailed in the following table. An indexed based revaluation assessment was conducted in the current year, this valuation was based on the Producer Price Index for the year to 31/03/2023 with no material outcome. No indexation has been applied for 2022/23, a full revaluation of these assets will be conducted in 2023/24.

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

2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of last Valuation	Type of Valuation
Freehold land	-	148,636	-	30/06/2022	Full
Specialised land	-	-	945,717	30/06/2022	Full
Freehold buildings	-	-	308,465	30/06/2022	Full
<b>Total</b>	<b>-</b>	<b>148,636</b>	<b>1,254,182</b>		

Please note that details on the three levels of valuations can be found in note 8.4

### (c) Valuation of infrastructure

As at 30 June 2022, valuation of Council's bridges, road median and drainage assets has been determined by the valuation undertaken by Mr Senavi Abeykoon-Mudiyanselage, Council's Asset Management Team. The valuation is at fair value based on current replacement cost, less accumulated depreciation in accordance with the basis of valuation.

As at 30 June 2022, Council's road assets (excluding bridges and medians) were restated to Council's valuation of current replacement cost. The valuation of these assets was carried out by Mr Peter Batson, Manager – Asset

Management System Victoria, SMEC Australia Pty Ltd, in accordance with the basis of valuation. SMEC Pavement Management system software was used to assist with this process. As part of the valuation process for year ended 30 June 2023, Council undertook a condition survey in 2018, which has been the basis for SMEC to recalculate the current condition used in the valuation of Council's road and footpath assets.

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

The Financial Statements for the Year Ended 30 June 2023 reflect the revaluation of assets that occurred on 30 June 2022. The next revaluation is due to be reflected in the Financial Statements for year ending 30 June 2024.

The date and type of the current valuation is detailed in the following table. An indexed based revaluation assessment was conducted in the current year, this valuation was based on the Producer Price Index for the year to 31/03/2023 with no material outcome. No indexation has been applied for 2022/23, a full revaluation of these assets will be conducted in 2023/24.

Council's Valuer's valuation, in the case of land and buildings is determined in accordance with the Valuation of Land Act 1960. The valuation is calculated using market value, as a fair value, based on existing use.

For drainage, roads, streets and bridges assets, the valuation represents an estimate of written down current replacement costs determined by reference to engineering construction plans and Melbourne Water base maps after taking into account construction costs written down for the current condition of the assets and the impact of any economic or technical obsolescence.

Other class of assets are not revalued.

Details of Council's infrastructure (excluding parks & playgrounds) and information about the fair value hierarchy as at 30 June 2023 are as follows:

2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of last Valuation	Type of Valuation
Roads, streets and bridges	-	-	281,548	30/06/2022	Full
Drainage	-	-	113,541	30/06/2022	Full
<b>Total</b>	-	-	<b>395,089</b>		

No transfers between levels occurred during the year.

Please note that details on the three levels of valuations can be found in note 8.4

#### (d) Description of significant unobservable inputs into level 3 valuations

##### Specialised Land

Specialised land 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 value between 0% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$3.00 and \$5,700 per square metre.

##### Specialised Buildings

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs for buildings are calculated on a square metre basis and ranges from \$275 to \$12,750 per square metre. Current replacement costs for multi-level car parks are calculated on a car space basis and the unit cost is \$19,800 per car space. The useful lives of buildings are 80 years. Current 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 may be subject to variation due to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

#### Infrastructure Assets

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The useful lives of infrastructure vary from 40 years to 100 years. Current 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 may be subject to variation due to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

### 6.3 Investments

Investments	Note	2023 \$'000	2022 \$'000
Investments – unlisted shares held at fair value accounted for through profit and loss	6.3(a)	258	241
Investments in associates	6.3(b)	3,259	3,478
<b>Total investments</b>		<b>3,517</b>	<b>3,719</b>

#### (a) Investments – unlisted shares

Investments	Note	2023 \$'000	2022 \$'000
Procurement Australasia		258	241
<b>Total investments – unlisted shares</b>		<b>258</b>	<b>241</b>
<b>Increase in fair value recognised in net result</b>		<b>17</b>	<b>13</b>

Investments – unlisted shares are measured at fair value. Movements in fair value are recognised through the profit and loss statement. Council does not exert any control over the operations, and the investment is of a unique nature with no active market/no ability to redeem the investment.

Procurement Australasia (previously MAPS Group) is an incorporated buying group for large scale and shared service contracts.

#### (b) Investments in associates

Investments	Note	2023 \$'000	2022 \$'000
Share of Yarra Plenty Regional Library Corporation		3,259	3,478
<b>Total investments in associates</b>		<b>3,259</b>	<b>3,478</b>
<b>Council's share of accumulated surplus</b>			
Council's share of accumulated surplus at start of year		3,478	3,339
Reported change from prior year's equity		-	-
Reported surplus for year		(219)	139
<b>Council's share of accumulated surplus at end of year</b>		<b>3,259</b>	<b>3,478</b>
<b>Movement in carrying value of specific investment:</b>			

<b>Investments</b>	<b>Note</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Carrying value of investment at start of year		3,478	3,339
Share of total change in equity for year		(219)	139
<b>Carrying value of investment at end of year</b>		<b>3,259</b>	<b>3,478</b>
<b>Council's share of expenditure commitments:</b>			
Lease commitments		72	595
Operating commitments		121	407
<b>Council's share of expenditure commitments</b>		<b>193</b>	<b>1,002</b>
<b>Council's share of contingent liabilities and contingent assets:</b>			

The Yarra Plenty Regional Library has no known contingent liabilities as at 30 June 2023 nor as at 30 June 2022.

#### Significant restrictions:

Yarra Plenty Regional Library does not pay any dividends to Council. No loans or monetary advances were made between Council and the Library.

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. The investment was initially recorded at cost and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entities. Council's share of the financial result of the entities is recognised in the Comprehensive Income Statement.

Council has an equity interest share in the following associate:

- 40.81% (40.84% in 2022) in the Yarra Plenty Regional Library.

Council's share is based on the total of contributions paid by Council, since the inception of the Library, as a percentage of the total contributions paid by the three Councils. The contributions made each year are based on the patronage across the various Library locations throughout the three Councils.

The valuation is made as at 30 June each year. The 2023 valuation is based on draft Financial Statements (2022 was based on draft Financial Statements and the prior year's equity has been adjusted to match the finalised financial statements).

The Yarra Plenty Regional Library is an independent legal entity with an Executive Management Team, which is responsible for the day-to-day operations of the organisation. Banyule is one of three Councils with a stake in the Library and each of the three Councils has put forward two members which make up the six-person Regional Library Board.

## 6.4 Investment property

<b>Investment Property</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Balance at beginning of financial year	13,686	12,597
Transfer to/(from) asset held for sale	-	26
Depreciation - Building	(89)	(87)
Fair Value Adjustments	-	1,150
<b>Balance at end of Financial Year</b>	<b>13,597</b>	<b>13,686</b>

Investment property, is held to generate long-term rental yields or capital gains. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by a valuer. Changes to fair value are recorded in the Comprehensive Income Statement in the period that they arise.

**Valuation of investment property**

Valuation of investment property was carried out in 2022 in accordance with a valuation by Council's Valuer, Mr C Kouratos, AAPI who was experienced in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

Rental income from the leasing of investment properties is recognised in the Comprehensive Income Statement, when invoiced, on a straight line basis over the lease term.



## Note 7. People and relationships

### 7.1 Council and key management remuneration

#### (a) Related parties

##### Parent Entity

Banyule City Council is the parent entity.

##### Subsidiaries and Associates

Banyule Cemeteries Trust

By virtue of the fact that Banyule Councillors also form the Board of Trustees of the Banyule Cemeteries Trust, this entity is considered to be a controlled entity under AASB 10: Consolidated Financial Statements. Its operating results, assets and liabilities have not been included in the accounts on the basis that they are not material individually or in aggregate.

Interest in associates are detailed in note 6.3 (b) and include the Yarra Plenty Regional Library, over which Banyule City Council has joint control along with City of Whittlesea and Nillumbik Shire Council.

#### (b) Key management personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Banyule City Council. The Councillors, Chief Executive Officer and Executive Directors are deemed KMP:

Key Management Personnel	2023 No.	2022 No.
<b>Councillors</b>		
Cr. Peter Castaldo (Mayor from 08/11/2022)	1	1
Cr. Alida McKern (Deputy Mayor from 08/11/2022)	1	1
Cr. Elizabeth Nealy (Mayor to 07/11/2022)	1	1
Cr. Alison Champion (Deputy Mayor to 07/11/2022)	1	1
Cr. Mark Di Pasquale	1	1
Cr. Peter Dimarelos	1	1
Cr. Rick Garotti	1	1
Cr. Tom Melican	1	1
Cr. Fiona Mitsinikos	1	1
<b>Total Number of Councillors</b>	<b>9</b>	<b>9</b>
<b>Officers</b>		
Chief Executive Officer	1	1
Director Assets & City Services	1	2
Director City Development	1	4
Director Community Wellbeing	1	1
Director Corporate Services	1	1

Key Management Personnel	2023 No.	2022 No.
<b>Total of Chief Executive Officer and Directors</b>	<b>5</b>	<b>9</b>
<b>Total Key Management Personnel</b>	<b>14</b>	<b>18</b>

**(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 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.
- Long-term benefits include long service leave accrued during the year.
- 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.

Total Remuneration of Key management Personnel	2023 \$'000	2022 \$'000
Short-term benefits	1,930	1,853
Long-term benefits	34	33
<b>Total</b>	<b>1,964</b>	<b>1,886</b>

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

Remuneration of Key management Personnel	2023 No.	2022 No.
\$0 - \$10,000	-	1
\$20,000 - \$29,999	-	2
\$30,000 - \$39,999	5	6
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	1	3
\$60,000 - \$69,999	1	-
\$90,000 - \$99,999	1	1
\$130,000 - \$139,999	-	1
\$260,000 - \$269,999	1	-
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	2	2
\$290,000 - \$299,999	1	-
\$370,000 - \$379,999	-	1

Remuneration of Key management Personnel	2023 No.	2022 No.
\$390,000 - \$399,999	1	-
<b>Total</b>	<b>14</b>	<b>18</b>

Note: During 2021/22 there were several staff who were acting Directors while positions were vacant.

#### (d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$160,000 (2022 exceeds \$151,000) and who report directly to a member of the KMP.

Total remuneration of Other senior staff was as follows	2023 \$'000	2022 \$'000
Short-term benefits	2,903	2,010
Long-term benefits	64	47
<b>Total</b>	<b>2,967</b>	<b>2,057</b>

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

Remuneration of Other senior staff was as follow	2023 No.	2022 No.
<b>Income range:</b>		
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	2	5
\$190,000 - \$199,999	6	5
\$200,000 - \$209,999	5	-
\$220,000 - \$229,999	1	-
<b>Total</b>	<b>15</b>	<b>11</b>

Note: 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 Local Government Act

## 7.2 Related party disclosures

### (a) Transactions with related parties

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

#### Payments made to/(received from) Yarra Plenty Regional Library

	2022/2023 \$'000	2021/2022 \$'000
Operational contributions	6,106	5,914
Grant funding	17	33
Cleaning costs for Ivanhoe Hub	117	92
Room Hire	-	1

	2022/2023 \$'000	2021/2022 \$'000
Building maintenance & signage	3	-
LSL Transfer	-	13
Fuel & vehicle repairs	(13)	(12)
Reimbursement for lease	(13)	-
Reimbursement of utilities	(105)	-

*Note: Council provides YPRL with rent-free use of the library buildings in Watsonia, Rosanna and Ivanhoe.*

The Banyule Cemeteries Trust is a separate entity managed on behalf of the Department of Health. Banyule's nine Councillors act as the board of trustees.

The Cemetery Trust is charged overheads for the use of Council's Corporate Services (finance, information technology, human resources, office space etc)

The charge is calculated using the same method that allocates overheads across Council.

#### Overheads charged to Cemetery

Dates	\$'000
2022/2023	56
2021/2022	57

#### (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:

The Banyule Cemeteries Trust financials are managed via Council's bank accounts on a daily basis.

Intermittently, transfers are made from the Cemetery to Council for the costs incurred.

#### Owed by Cemetery Trust to Council

Dates	\$'000
2022/2023	177
2021/2022	158

#### (c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the Council to a related party is: \$Nil (2022: \$Nil).

#### (d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows: \$Nil (2022: \$Nil).

## Note 8. Managing uncertainties

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### 8.1 Contingent assets and liabilities

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

#### 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.

##### (a) Divested land

As part of the North East Link Project, the State Government has divested Council of the property known as Borlase Reserve in 2019/20. While the property is no longer under Council's control, the compensation for the loss of land is still under negotiation/arbitration. During 2021/22 Council received \$3.50 million initial compensation, while the final balance of compensation is yet to be agreed.

The property was disposed from Council's Balance Sheet in 2019/20 and \$3.50 million income was recognised in 2021/22, with potential additional income to be recognised in future years when the negotiations are complete.

The state government also divested land from Council at 15 Flintoff Street, Greensborough for the construction of a public transport hub as part of the Car Parks for Commuters Project. Similar to the above, the property is no longer under Council's control and the compensation for the loss of land is still under negotiation. Council has received no compensation as at 30/06/2023; a Trade & Other Receivables item has been recognised for the disposed land value.

##### (b) Building defects

Due to the large quantity of Capital Works carried out across Council, there may arise instances where building works are identified as being defective or not satisfactorily completed. In these instances, there is an expectation that the original contractor will promptly return to rectify all identified issues. Where this is not done, Council may take action to seek damages, so that the building rectifications can be undertaken by another contractor.

#### 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.

The following are potential contingencies to be considered by Council

##### (a) Guarantees for loans to other entities

The Banyule City Council has undertaken to act as guarantor for:

**Loan Guarantor**

<b>Entity category</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
bank loans for local organisations	44	47
bank loans for operators of Council facilities	667	788
lease for community organisations	-	-
<b>Total guarantees</b>	<b>711</b>	<b>835</b>

Council is currently acting as guarantor for two loans; one for a Sporting Club for significant capital improvements to a sporting facility on Council land and the other for major improvements at a leased Council owned facility. Council was guarantor for one community organisation lease for equipment located within a Council facility which recently completed. At balance date, the total outstanding balance on these guarantees was \$711,220.17 (\$834,535.89 in 2022). At balance date we have received independent confirmation that the Clubs are continuing to meet repayments in accordance with the requirements of their individual agreements.

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

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

**(b) Superannuation**

Banyule City Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. Matters relating to this potential obligation are outlined in Note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount

**(c) Contingent liabilities mitigated by insurances**

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

**(d) Liability mutual insurance**

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

**(e) Parking infringement refund scheme**

In 2017, Council entered into a contract for parking enforcement and related administrative services to be performed on Council's behalf. The contract included the administration of the fine appeal process. For about 2 years under strict guidelines and direction from Council, the contractor assessed, withdrew and withheld decisions to issue parking fines.

In 2020 and 2021 the Ombudsman and the Department of Justice and Community Safety conducted investigations into the contract and practices for assessing parking infringements appeals. In response to the

recommendations of these investigations, Banyule set up a voluntary refund scheme where people who appealed a parking fine between 4 January 2017 and 6 March 2019, may be eligible to apply for a refund of their parking fine. This scheme was advertised on our website, social media and in our Banyule Banner publication that reaches all properties in Banyule.

This refund scheme is set to end in July 2023

## 8.2 Changes 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 2023 that are expected to impact Council.

## 8.3 Financial instruments

### (a) Objectives and policies

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 Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

### (b) Market risk

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

### (c) 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. 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 investments; and
- Benchmarking of returns and comparison with budget.

There has been no significant change in 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 year.

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

**(d) 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 has exposure to credit risk on some financial assets included in Council's 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:

- Will not perform any significant works before payment has been made;
- may require collateral where appropriate; and
- will only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Trade and other 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. Impairment of financial assets are determined using an expected loss model (simplified approach) based on historical data, according to the age of outstanding debts.

Due to COVID-19, it would be expected that the Credit Risk for Council would increase as debtors are facing more financial stress. However the debt types that are considered most 'at-risk' due to COVID-19 restrictions, have mostly been waived as part of Council's COVID-19 stimulus package. This includes the waiving of permits and fees for local businesses and organisations who would be suffering financial stress.

Council may also be subject to credit risk for transactions which are not included in the Balance Sheet, such as when a guarantee is provided for another party. Details of Council's contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk on recognised financial assets at the reporting date 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.

**(e) Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements, Council:

- will not have sufficient funds to settle a transaction when required;
- 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:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- has readily accessible standby facilities and other funding arrangements in place;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors 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 in the face of the Balance Sheet and the amounts related to financial guarantees disclosed in Note 8.1(b) 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 year.



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 in Note 5.4. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

#### (f) Sensitivity disclosure analysis

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

- A parallel shift of -0.50% and +0.25% in market interest rates (AUD) from year end weighted average interest rates of 4.66%.

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

#### (a) 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.

AASB 13 defines fair value as 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. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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 reassessing 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.

#### (b) 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 every 2 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

#### Asset class

Asset class	Revaluation frequency
Roads, streets and bridges	2 years
Drainage	2 years
Freehold buildings	2 years
Freehold land	2 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.

#### (c) 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 to sell and value in use, is compared to the assets carrying value. Any excess of the assets' carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

### 8.5 Events occurring after balance date

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

## Note 9. Other matters

### 9.1 Reserves

#### (a) Summary of reserve types

2023	Balance as at 30/06/2023 \$'000	Balance as at 30/06/2022 \$'000
Asset Revaluation Reserve	1,300,152	1,304,268
Asset Replacement Reserves	29,466	27,418
<b>Total Reserves</b>	<b>1,329,618</b>	<b>1,331,686</b>

#### (b) Reserve movements

The following transfers to and from Council's reserves occurred during the reporting period:

##### (i) Asset Revaluation Reserve

2023	Balance as at 01/07/2022 \$'000	Increment/ (Decrement) \$'000	Transfer to Acc. Surplus \$'000	Transfer between classes \$'000	Balance as at 30/06/2023 \$'000
<b>Infrastructure</b>					
Roads and streets	191,718	-	-	-	191,718
Bridges, medians and local area traffic management	3,427	-	-	-	3,427
Drainage	90,644	-	-	-	90,644
Parks and gardens	247	-	-	-	247
<b>Total</b>	<b>286,036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>286,036</b>
<b>Property</b>					
Freehold land	975,724	-	(2,919)	-	972,805
Freehold buildings	40,836	-	-	-	40,836
<b>Total</b>	<b>1,016,560</b>	<b>-</b>	<b>(2,919)</b>	<b>-</b>	<b>1,013,641</b>
<b>Other Assets</b>					
Heritage and Culture Art Collection	283	-	-	-	283
<b>Total</b>	<b>283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>283</b>
<b>Assets classified as held for resale</b>					
Freehold land	1,218	-	(1,026)	-	192
Freehold buildings	171	-	(171)	-	-
<b>Total</b>	<b>1,389</b>	<b>-</b>	<b>(1,197)</b>	<b>-</b>	<b>192</b>

2023	Balance as at 01/07/2022 \$'000	Increment/ (Decrement) \$'000	Transfer to Acc. Surplus \$'000	Transfer between classes \$'000	Balance as at 30/06/2023 \$'000
<b>Total Asset revaluation reserve</b>	<b>1,304,268</b>	<b>-</b>	<b>(4,116)</b>	<b>-</b>	<b>1,300,152</b>

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

2022	Balance as at 01/07/2021 \$'000	Opening Balance Adjust. \$'000	Increment/ (Decrement) \$'000	Transfer to Acc. Surplus \$'000	Transfer between classes \$'000	Balance as at 30/06/2022 \$'000
<b>Infrastructure</b>						
Roads and streets	178,926	-	12,792	-	-	191,718
Bridges medians and local area traffic management	3,345	-	82	-	-	3,427
Drainage	82,021	-	8,623	-	-	90,644
Parks and Gardens	247	-	-	-	-	247
<b>Total</b>	<b>264,539</b>	<b>-</b>	<b>21,497</b>	<b>-</b>	<b>-</b>	<b>286,036</b>
<b>Property</b>						
Freehold land	885,597	-	91,571	-	(1,444)	975,724
Freehold buildings (a)	46,685	-	(6,121)	-	272	40,836
<b>Total</b>	<b>932,282</b>	<b>-</b>	<b>85,450</b>	<b>-</b>	<b>(1,172)</b>	<b>1,016,560</b>
<b>Other assets</b>						
Heritage and culture – including art collection	283	-	-	-	-	283
<b>Total</b>	<b>283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>283</b>
<b>Assets classified as held for re-sale</b>						
Freehold land	2,464	(2,464)	(226)	-	1,444	1,218
Freehold buildings	186	(186)	443	-	(272)	171
<b>Total</b>	<b>2,650</b>	<b>(2,650)</b>	<b>217</b>	<b>-</b>	<b>1,172</b>	<b>1,389</b>
<b>Total Asset Revaluation Reserve</b>	<b>1,199,754</b>	<b>(2,650)</b>	<b>107,164</b>	<b>-</b>	<b>-</b>	<b>1,304,268</b>

(a) *The Increment/(Decrement) for Freehold Buildings includes \$684 impairment of an asset that was previously revalued.*

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

## (ii) Asset Replacement Reserves 2023

2023	Balance as at 01/07/22 \$'000	Transfers between \$'000	Transfers to \$'000	Transfers from \$'000	Balance as at 30/06/23 \$'000
<b>Statutory reserves</b>					
Public Open Space	10,186	-	4,509	(6,323)	8,372
Off-Street Car Parking	252	-	-	-	252
<b>Total statutory reserves</b>	<b>10,438</b>	<b>-</b>	<b>4,509</b>	<b>(6,323)</b>	<b>8,624</b>
<b>Discretionary Reserves</b>					
General	1,728	(1,500)	3,410	(1,423)	2,215
Plant and Equipment	3,996	750	3,005	-	7,751
Strategic Properties	18	(7,000)	2,740	(2,901)	(7,143)
Asset Renewal	165	7,000	2,853	(4,241)	5,777
Car Parking Meters	4,463	-	960	(36)	5,387
BPI Investment	121	-	-	-	121
IT Equipment	6,489	750	1,382	(1,887)	6,734
<b>Total discretionary reserves</b>	<b>16,980</b>	<b>-</b>	<b>14,350</b>	<b>(10,488)</b>	<b>20,842</b>
<b>Total Asset replacement reserves</b>	<b>27,418</b>	<b>-</b>	<b>18,859</b>	<b>(16,811)</b>	<b>29,466</b>

2022	Balance as at 01/07/21 \$'000	Transfers between \$'000	Transfers to \$'000	Transfers from \$'000	Balance as at 30/06/22 \$'000
<b>Statutory reserves</b>					
Public Open Space	7,226	-	4,058	(1,098)	10,186
Off-Street Car Parking	252	-	-	-	252
<b>Total statutory reserves</b>	<b>7,478</b>	<b>-</b>	<b>4,058</b>	<b>(1,098)</b>	<b>10,438</b>
<b>Discretionary Reserves</b>					
General	7,834	-	4,252	(10,358)	1,728
Plant and Equipment	10,736	(9,000)	3,164	(904)	3,996
Strategic Properties	343	9,000	200	(9,525)	18
Asset Renewal	1,549	-	2,716	(4,100)	165
Car Parking Meters	3,815	-	675	(27)	4,463
BPI Investment	155	-	-	(34)	121
IT Equipment	5,116	-	1,373	-	6,489
<b>Total discretionary reserves</b>	<b>29,548</b>	<b>-</b>	<b>12,380</b>	<b>(24,948)</b>	<b>16,980</b>

2022	Balance as at 01/07/21 \$'000	Transfers between \$'000	Transfers to \$'000	Transfers from \$'000	Balance as at 30/06/22 \$'000
<b>Total Asset replacement reserves</b>	37,026	-	16,438	(26,046)	27,418

The above tables generally indicate usage of funds for budgeted capital works and recovery of capital from previous expenditures and investment projects in the ordinary course of business. These amounts are determined in accordance with the approved budget and subsequent Council reports.

The Public Open Space Reserve is a statutory reserve where developers contribute income to the reserve by law. The funds are spent on 'public open spaces', for example playgrounds.

The Off-Street Car Parking Reserve is no longer operational due to a change in legislation. Developers did contribute income to the reserve. Funds were used to provide additional car parking spaces in the area where the funds were generated from.

The General Reserve is maintained to have money set aside for future projects.

The Plant and Equipment Reserve is used to fund the purchase of vehicles (all types) and some items of plant and equipment.

The Strategic Properties Reserve is maintained to fund the purchasing, development and selling of properties with a view to add income to Council.

The Asset Renewal Reserve is used to fund the renewal of assets in the future.

The Car Parking Meters Reserve receives the net income from parking meters. The Reserve will be used to purchase new parking meters and fund the maintenance of existing parking meters.

The BPI Investment Reserve receives a portion of the BPI department's profit each year. The Reserve is used to fund equipment and software to enhance their competitiveness with external businesses.

The Information Technology (IT) Equipment Reserve accumulates funds to be used for the purchase and maintenance of computer systems.

## 9.2 Reconciliation of surplus to cash flows from operating activities

	Note	2023 \$'000	2022 \$'000
<b>Surplus for the year</b>		14,745	9,943
<b>Profit on disposal of infrastructure, property, plant and equipment</b>	3.8	(22)	(3,880)
<b>Depreciation and amortisation</b>	4.4, 4.5 & 4.6	23,971	22,948
<b>Impairment loss</b>	5.2(c) & 6.2	305	274
<b>Borrowing costs - interest</b>	4.9	1,666	1,900
<b>Finance costs - leases</b>	4.8	14	28
<b>Fair value adjustment of investments</b>	6.3(a)	(80)	(13)
<b>Fair value adjustment of investment property</b>	6.1 & 6.4	-	1,975
<b>Share of profits of associate</b>	6.3 (b)	219	(139)

	Note	2023 \$'000	2022 \$'000
<b>Change in assets and liabilities, excluding investing activities</b>			
Increase in trade and other receivables		(4,345)	(1,933)
Increase in inventories	3.8	27	(28)
Increase in prepayments	4.4, 4.5 & 4.6	(763)	(205)
Increase in trade and other payables	5.2(c) & 6.2	(2,173)	1,463
Increase in unearned income/revenue	4.9	2,117	109
Increase/(decrease) in employee provisions	4.8	(218)	(1,749)
Increase in trust funds and deposits	6.3 (a)	860	1,703
<b>Net cash provided by operating activities</b>	<b>6.1 &amp; 6.4</b>	<b>36,323</b>	<b>32,396</b>

### 9.3 Superannuation

Banyule City Council makes the majority of its employer superannuation contributions in respect to its employees to the Local Authorities Superannuation Fund – Vision Super (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently.

Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

#### Accumulation Fund

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and optional 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% required under Superannuation Guarantee legislation (10.00% for 2021/2022).

#### Defined Benefit Plan

Banyule City 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. The Defined Benefit Scheme was closed to new members on 31 December 1993.

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

### Funding arrangements

Banyule City 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. Banyule City 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	5.7% pa
Salary information	3.5% pa
Price inflation (CPI)	2.8% pa

As at 30 June 2022, an interim actuarial investigation is underway 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	5.50% pa
Salary information	2.50% pa to 30 June 2023, and 3.50% thereafter
Price inflation (CPI)	3.00% pa

Banyule City 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 (10.00% in 2021/2022). This rate is expected to increase in line with any increases in the SG contribution rate and 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 Banyule City Council) are required to make an employer contribution to cover the shortfall.

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



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

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

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

#### The 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:

- A VBI surplus of \$44.6 million (2021: \$214.7 million);
- A total service liability surplus of \$105.8 million (2021: \$270.3 million); and
- A discounted accrued benefits surplus of \$111.9 million (2021: \$285.2 million).

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

#### The 2023 interim 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
<b>Net investment return</b>	5.7% pa	5.6% pa
<b>Salary inflation</b>	3.50% pa	2.50% pa for the first two years, and 2.75% pa thereafter
<b>Price inflation</b>	2.8% pa	2.0% pa

### Superannuation contributions

Superannuation contributions by Banyule (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below.

<b>Scheme</b>	<b>Type of scheme</b>	<b>Rate</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
<b>Vision Super</b>	Defined Benefits	10.5% (2022: 10.0%)	\$283	\$352
<b>Vision Super</b>	Accumulation	10.5% (2022: 10.0%)	\$3,916	\$4,040
<b>Other Funds</b>	Accumulation	10.5% (2022: 10.0%)	\$3,655	\$3,005

Note: The above numbers include salary sacrificed superannuation that has been paid by Council on behalf of the employees.

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$214,000.

## Note 10. Change in accounting policy

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There have been no changes to accounting policies in the 2022/2023 year.

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



# DRAFT - Banyule City Council Performance Statement Year Ended 2022-23

Part 2 of 3



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## Performance Statement

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### For the year ended 30 June 2023

#### Description of municipality

Banyule is located between seven and 21-kilometres northeast of central Melbourne and is made up of 21 suburbs. The City covers an area of approximately 63 square kilometres. The Yarra River runs along the City's south border while the west is defined by Darebin Creek.

Banyule is renowned for its open spaces and parklands, especially along the Yarra and Plenty River valleys. There are 617 hectares of council-owned open space in Banyule, as well as substantial areas of parkland managed by Parks Victoria. These provide a wealth of recreational, environmental and tourism opportunities for the region. There are sites of botanical, zoological, habitat and heritage significance, including aboriginal archaeological sites and scar trees, and points of interest associated with the Heidelberg School of Artists.

Banyule's estimated resident population is 127,268 and is forecast to grow to 165,256 residents by 2041. Banyule has a diverse community from over 140 countries. A significant number of residents have European ancestry, and there is an increasing population of people with Asian and African ancestry. This diverse population brings a cultural richness to our community.

The City is primarily a residential area. There are industrial areas in Heidelberg West, Greensborough/ Briar Hill and Bundoora, as well as institutions such as the Austin and Repatriation Medical Centre and Simpson Army Barracks. Banyule also has a range of educational, health and leisure facilities.

On 30 January 2020, COVID 19 was declared as a global pandemic by world health organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. These measures have had an impact on Council's actual results for 2019/20 to the current reporting year 2022/23. Examples include:

- In response to government directives amidst the COVID-19 outbreak, Council's leisure centre facilities, libraries, community centres and transfer station were closed at various times between 2019/20 through to late 2022, while Child Care Centre usage was also scaled back significantly.
- Banyule implemented a rates hardship policy in 2020/21 which deferred all interest charges from March 2020, as well as the implementation of rates hardship waivers in 2020/21. A new rates hardship policy has been implemented for 2023/24.

*Note: Banyule City Council's Performance Statement is prepared and completed in accordance with the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020, and the Local Government Better Practice Guide: Performance Statement 2022/23,' Department of Jobs, Skills, Industry and Regions.*

## Sustainable Capacity Indicators

Table 1 | Sustainable Capacity Indicators for the year ended 30 June 2023

<i>Indicator / measure</i>	<b>Results 2020</b>	<b>Results 2021</b>	<b>Results 2022</b>	<b>Results 2023</b>	<b>Material Variations</b>
<b>Population</b> <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,154.82	\$1,178.26	\$1,262.02	\$1,286.54	Council has consistently provided services to the community at a reasonable cost across the municipal population.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$4,936.19	\$5,102.50	\$5,451.69	\$5,607.24	The municipal population is steadily increasing and Council has ensured that it continues to increase investment into the renewal of its infrastructure to support and provide the services that the community needs.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	241.08	241.65	236.97	233.52	The municipality has maintained this ratio with majority of the Councils road network inhabited and serviced.
<b>Own-source revenue</b> <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,076.60	\$1,028.28	\$1,107.84	\$1,152.86	Council will generate income outside of rates and grants from rental, fees and charges, property sales, developer contributions and user fees and charges. This income is used to support population growth throughout the community, fund capital works and initiatives and to meet service delivery expectations of the community.
<b>Recurrent grants</b> <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$111.97	\$119.33	\$116.75	\$117.04	Council has maintained the amount of recurrent grants it receives per head of municipal population and aims to growth this value over time to help to deliver community services. The amount received from Commonwealth Government and State Government will fluctuate each year according to the programs being offered. Funding support

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Indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Material Variations
					includes but is not limited to Child Care, Social Support, home modifications and property maintenance and local roads renewals.
<b>Disadvantage</b> <i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	9	9	9	9	Council has maintained stability over the years against this ratio to support community outcomes where services are most needed.
<b>Workforce turnover</b> <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.7%	21.0%	20.0%	19.96%	Since 2019/20 the staff turnover rate has increased significantly and will continue to fluctuate from year to year pending organisational changes. Council saw and increase in the number of employees moving away from Victoria due to COVID to be closer to family and Council's exit from Home support services in 2021. Council is implementing strategies to reduce the workforce turnover through staff engagement strategies, recruitment and retention initiatives.

### Definitions

"adjusted underlying revenue" means total income other than:

- a) non-recurrent grants used to fund capital expenditure; and
- b) non-monetary asset contributions; and
- c) contributions to fund capital expenditure from sources other than those referred to above

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

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

"population" means the estimated resident population compiled by the Australian Bureau of Statistics

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

"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

DRAFT - Banyule City Council Performance Statement Year Ended 2022-23 | Part 2 of 3

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

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

"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.

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

## Service Performance Indicators

Table 2 | Service performance indicators for the year ended 30 June 2023

Service / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Material Variations
<b>Aquatic facilities</b> <b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	7.13	3.45	4.61	8.27	<p>WaterMarc has continued to recover from the effects of COVID-19 and attendances have almost returned to pre-pandemic levels as at June 2023.</p> <p>Ivanhoe Aquatic has recovered quickly from the effects of COVID-19 with attendances exceeding the last full financial year pre-pandemic (2018-19). Significant increases in attendances by various demographics and improvements and additions to our overall programming including Learn to Swim, Group Fitness and Gym attendances has helped establish the foundations to these improvements.</p> <p>Olympic Leisure Centre continued to be closed for maintenance and refurbishment for the first three months of 2022-23 and reopened many of the facility services to members and the general public on 10 October 2022. Attendances have been slowly increasing and improving, especially for programs such as our Women's Only casual gym.</p>

Service / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Material Variations
<p><b>Animal management</b></p> <p><b>Health and safety</b></p> <p><i>Animal management prosecutions</i></p> <p>[Number of successful animal management prosecutions / Number of animal management prosecutions] x100</p>	100%	100%	100%	100%	Council continues the trend of achieving 100% successful prosecution of animal management cases before the Magistrate. All cases in 2022-23 year related to dog attacks.
<p><b>Food safety</b></p> <p><b>Health and safety</b></p> <p><i>Critical and major non-compliance notifications</i></p> <p>[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 a food premises] x100</p>	100%	100%	100%	100%	Council continues its trend of achieving its target of 100%. Council considers all non-conformances outcomes as a serious risk to food safety. Council will ensure that all premises are followed up to minimise the risk of any immediate serious threat to public health.
<p><b>Governance</b></p> <p><b>Satisfaction</b></p> <p><i>Satisfaction with council decisions</i></p> <p>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</p>	60	61	61	57	<p>Banyule received an index score of 57 from the 2023 Victorian Community Satisfaction Survey, which is two index points above the average for metropolitan councils (55) and six index points above the State-wide average (51).</p> <p>It should be noted that this downward trend is consistent with both State-wide and metropolitan scores for councils.</p> <p>Overall, 73% of respondents provided a rating of very good, good, and average for this service area (category) in 2023.</p>

Service / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Material Variations
<p><b>Libraries</b></p> <p><b>Participation</b></p> <p><i>Active library borrowers in municipality</i></p> <p>[Number of active library borrowers in the last three years / The sum of the population in the last three years] x100</p>	16.66 %	16.71 %	16.01 %	16.08 %	The active borrower total has continued to increase and has exceeded pre pandemic levels, even though Rosanna branch has closed and relocated to a new pop-up location in preparation for construction of the new library. It is expected the figures will continue to rise as library touchpoints are expanded across the municipality.
<p><b>Maternal and child health</b></p> <p><b>Participation</b></p> <p><i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p>	77.44 %	73.13 %	74.46 %	76.96 %	The results show a slight increase as we emerge from the pandemic. MCH has continued to reach out to families to engage, and reengage, with the service.
<p><b>Participation</b></p> <p><b>Participation in the MCH service by Aboriginal children</b></p> <p>[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</p>	70.17 %	74.10 %	82.46 %	77.36 %	The MCH services continues to strive to provide a culturally safe service for First Nations people. Families may also attend the Victorian Aboriginal Health Service and records will transfer in and out of service throughout their key age participation at MCH centres.

Service / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Material Variations
<p><b>Roads</b></p> <p><b>Satisfaction</b></p> <p><i>Satisfaction with sealed local roads</i></p> <p>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</p>	68	68	68	64	<p>Banyule received an index score of 64 from the 2023 Victorian Community Satisfaction Survey, which is three index points above the average for metropolitan councils (61) and sixteen index points above the State-wide average (48).</p> <p>Overall, 84% of respondents provided a rating of very good, good, and average for this service area (category) in 2023.</p> <p>The increased number of requests received in 2022-23 can be attributed to the normalisation of traffic movement and road network usage, prior to the initial COVID-19 lockdowns.</p> <p>This rise in requests also coincides with the commencement of major construction projects, namely the Hurstbridge Line Duplication (including Greensborough Station upgrade) and the North East Link Project, both of which are state projects. These large-scale initiatives have introduced a higher volume of heavy vehicles to the Council's road network, leading to increased localised road deterioration.</p>
<p><b>Statutory Planning</b></p> <p><b>Decision making</b></p> <p><i>Council planning decisions upheld at VCAT</i></p> <p>[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</p>	42.11%	51.92%	55.56%	44.00%	<p>There has been a significant decrease in the number of decisions upheld by the Tribunal. However, this does not factor in the number of decisions where consent between the parties were reached with a mediated outcome. If these decisions were included, the percentage of decisions upheld by the Tribunal would be 63%, exceeding the target of 60.00%.</p>

Service / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Material Variations
<b>Waste Collection</b> <b>Waste diversion</b> <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	52.84%	51.98%	52.03%	62.62%	The result has increased significantly following the introduction in July 2022 when Banyule moved to a high-performance FOGO collection service to increase the diversion of food from landfill.

### 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 borrowers" means a borrower of a library who has borrowed a book or other resource from the library

"annual report" means an annual report prepared by a council under sections 98, 99 and 100 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 authorised 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 authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

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

"population" means the estimated resident population compiled by the Australian Bureau of Statistics

## Financial Performance Indicators

Table 3 | Financial Performance Indicators for the year ended 30 June 2023

Dimension / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Material Variations
<b>Efficiency</b> <b>Expenditure level</b> <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,763.82	\$2,776.05	\$2,915.88	\$2,872.54	\$3,053.30	\$3,089.47	\$3,141.30	\$3,228.12	The stable result indicates that Council has and is projecting to continue to use its resources efficiently, with an average increase over the period within the targeted Consumer Price Index of between 2-3%. Whilst the number of property assessments have continued to increase expenditure is being maintained.
<b>Revenue level</b> <i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments]	\$1,866.49	\$1,888.30	\$1,929.93	\$1,674.75	\$1,747.67	\$1,812.67	\$1,872.51	\$1,933.84	Council first separated its waste charges from the general rate in 2022/23 resulting in the significant drop in the average rate per property assessment in the current year. The average rate income will continue to be maintained with consideration of future rate capping expectations and growth in property assessments.



## Financial Performance Indicators

Table 4 | Financial Performance Indicators for the year ended 30 June 2023

Dimension / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Material Variations
<b>Liquidity</b> <b>Working capital</b> Current assets compared to current liabilities [Current assets / Current liabilities] x100	324.81%	226.59%	242.14%	269.19%	245.99%	261.46%	230.48%	203.17%	In 2020/21 Council was able to provide direct financial support to Ratepayers, Communities and Business through its tailored Economic Support Package directly related to the COVID-19 pandemic.  Council has continued to deliver a strong liquidity position and to generate sufficient cash to pay bills on time and to draw on these cash reserves to fund a significant capital works and Initiatives program now and into the future.
<b>Unrestricted cash</b> Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	242.08%	118.12%	85.66%	87.74%	79.75%	170.09%	160.21%	130.03%	In 2020/21 Council drew down some of its unrestricted cash to support Ratepayers, Communities and Business through COVID-19.  Unrestricted cash has fluctuated over the years and is projected to gradually increase to ensure greater financial stability and for Council to continue to pay bills in a timely manner.

## Financial Performance Indicators

Table 5 | Financial Performance Indicators for the year ended 30 June 2023

Dimension / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Material Variations
<b>Obligations</b> <b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	31.79%	29.24%	19.15%	17.86%	16.29%	14.82%	13.38%	11.94%	Council made an early repayment in 2021/22 and will continue to manage its loans and borrowing consistent with the agreed repayments schedule across its banking partners.
<b>Loans and borrowing</b> <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.89%	3.77%	11.19%	2.34%	2.25%	2.17%	2.11%	2.04%	In 2021/22 there was a once off lump-sum repayment to pay down existing debt. Subsequently Council has continued to manage its loans and borrowings consistent with the agreed repayments schedule across its banking partners.

Dimension / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Material Variations
<p><b>Indebtedness</b></p> <p><i>Non-current liabilities compared to own source revenue</i></p> <p>[Non-current liabilities / Own source revenue] x100</p>	24.39%	17.35%	15.56%	14.39%	13.40%	12.18%	10.82%	9.49%	<p>Council has greater capacity to meet long term obligations with the planned reduction in non-current liabilities through the paying down of Council's loans in 2021/22.</p> <p>Council has continued to increase its own source revenue and is expecting to maintain an improved and stable position over the next few years.</p>

## Financial Performance Indicators

Table 6 | Financial Performance Indicators for the year ended 30 June 2023

Dimension / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Material Variations
<p><b>Asset renewal and upgrade</b></p> <p><i>Asset renewal and upgrade compared to depreciation</i></p> <p>[Asset renewal and asset upgrade expense / Asset depreciation] x100</p>	239.52%	112.98%	110.47%	123.53%	258.63%	137.66%	165.68%	139.77%	<p>Council continues to ensure that assets are maintained and renewed to meet community needs. Asset Renewal will fluctuate from year to year depending on the nature of the Capital Program and completion of these projects in the year planned.</p> <p>Major projects have included the Ivanhoe Library and Cultural Hub completed in 2020/21 and the Bellfield Community Centre completed in 2022/23. The Rosana Library and Precinct Upgrade is a major projects planned for 2023/24.</p>

## Financial Performance Indicators

For the year ended 30 June 2023

Dimension / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Material Variations
<p><b>Operating position</b></p> <p><i>Adjusted underlying result</i></p> <p>Adjusted underlying surplus (or deficit)</p> <p>[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100</p>	3.25%	-1.89%	-2.05%	-0.28%	-3.40%	-0.93%	0.59%	0.59%	<p>Council was significantly impacted from the decline in income as a result of service closures due to COVID-19 (since May 2020) and continues to face a slower than anticipated recovery. With prudent management of expenses Council's has been able to improve the underlying deficit outcomes in 2022/23 to \$0.46m.</p> <p>The underlying deficit in 2021/22 was impacted by a \$1.97 million fair value loss in investment property. Council will continue next year to invest significant funds into it's Digital Transformation Strategy to improve its effectiveness.</p>
<p><b>Stability</b></p> <p><i>Rates concentration</i></p> <p>Rates compared to adjusted underlying revenue</p> <p>[Rate revenue / Adjusted underlying revenue] x100</p>	65.54%	69.65%	67.92%	68.16%	68.77%	68.67%	68.69%	69.02%	<p>Council has maintained stability in its ability to generate revenue from a range of sources to fund services and activities.</p>

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Dimension / indicator / measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Material Variations
<p><i>Rates effort</i></p> <p>Rates compared to property values</p> <p>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</p>	0.22%	0.22%	0.21%	0.18%	0.20%	0.21%	0.22%	0.22%	<p>Property valuations are used to apportion the rate burden across each property and do not affect the total amount of rates levied across Council.</p> <p>For 2022/23 Property values across the municipality (and used for rating purposes) decreased by 5.24% whilst rating income has increased by the rate cap as set by the minister at 3.5%.</p>

## Definitions

"adjusted underlying revenue" means total income other than:

non-recurrent grants used to fund capital expenditure; and

non-monetary asset contributions; and

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

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

"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 Australian Accounting Standards (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 Financial Plan

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

"population" means the estimated resident population compiled by the Australian Bureau of Statistics

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

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

## Other Information

### For the year ended 30 June 2023

#### Basis of preparation

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

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

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's Budget 2023-2027 and Financial Plan 2023-2033. The Local Government (Planning and Reporting) Regulations 2020 requires explanation of any material variations in the results contained in the Performance Statement.

Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the Performance Statement are those adopted by Council in its Budget 2023-2027 on 26 June 2023. The Budget 2023-2027 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 Budget 2023-2027 can be obtained by contacting Council.



## Certification of Performance Statement

### For the year ended 30 June 2023

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.

**TANIA O'REILLY, CA**

Principal Accounting Officer

Dated: Monday, 25 September 2023

Greensborough

In our opinion, the accompanying Performance Statement of Banyule 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 any particulars in the Performance Statement to be misleading or inaccurate.

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

**PETER DIMARELOS**

Councillor

Dated: Monday, 25 September 2023

Greensborough

**ELIZABETH NEALY**

Councillor

Dated: Monday, 25 September 2023

Greensborough

**ALISON BECKWITH**

Chief Executive Officer

Dated: Monday, 25 September 2023

Greensborough

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## Victorian Auditor General Independent Audit Report

(Insert VAGO report)

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(Insert page 2 VAGO report)

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