



Minutes

Audit and Risk Committee Meeting held at 9.00 AM on Wednesday 14 September 2022 in the Bennett Room, Pleasant Creek Historic Precinct, Stawell.

1 Present

Mr Peter Knights (Chair)
Mr Tony Roberts (Via Video)
Cr Murray Emerson
Cr Kevin Erwin

Ms Liana Thompson, Chief Executive Officer
Mr Graham Haylock, Acting Director Corporate and Community Services
Ms Julie Baxendale, Acting Manager Financial Services
Ms Stretch Smith, Manager Business Transformation (item 7.3)
Ms Mary Scully, Manager Governance (item 7.3)
Mr Peter Phelan, Coordinator Financial Services (items 6.1, 6.2) (via Video)
Mr Phil Delahunty, RSD Audit (items 6.1, 6.2) (Via Video)

2 Apologies

Ms Lynn Jenz
Mr Vaughan Williams

3 Disclosures of a Conflict of Interest at a Council Auspiced Meeting

Nil

4 Confirmation of Minutes from the Previous Meeting

Confirmation of draft minutes from the Northern Grampians Shire Council Audit and Risk Committee meeting held, Wednesday, 22 June 2022.

Moved: Cr Kevin Erwin

Seconded: Cr Murray Emerson

Carried

5 Matters Arising from the Minutes

Mr Graham Haylock provided an update on the following items:

Update on excessive leave balances – to be discuss under item 7.4.

Update on draft financial reserves policy – to be discuss under item 7.5

Update on internal audit items – deferred to future meeting.

6 Financial Reporting and VAGO Audit

6.1 Annual Financial Report 2021-22 and Annual Performance Statement 2021-22

Mr Phil Delahunty, Mr Graham Haylock and Mr Peter Phelan presented the draft Annual Financial Report for the year ended 30 June 2022 and the draft Performance Statement 2021-22.

6.2 Audit Management Letter and the Closing Report for 30 June 2022

Mr Phil Delahunty lead a discussion regarding the findings from the audit process and the draft Audit Management Letter and the draft Closing Report for the financial year ended 30 June 2022.

Outcome:

Outstanding item: 6.2 Infrastructure assets – condition report may be noted in closing report and may affect the accounts. Appears that the assets have a longer remaining life than previously estimated – item to be investigated with the engineers. Accounts are almost complete and hope to be able to submit to VAGO early the following week. Management letter to be circulated when available for review (to be tabled at December meeting).

Cr Erwin queried if investments are being made to maximise the higher interest rates available.

Cr Erwin also raised issues with Cemeteries and debt. Graham Haylock to provide an update re the Cemetery debt in his finance report.

Peter Knights spoke on the impact of the asset revaluation and the effect of depreciation and replacement value. Asset plan will support future action.

Waste management commitment queried – contract for one future year. Not locked in for future contract costs.

6.3 Quarterly Finance Report

Mr Graham Haylock to present the Interim Finance Report for the period ending 30 June 2022. It was noted these were the interim, pre-audited results, and will differ from the final annual financial results included in the 2021/22 Annual Report,

Outcome

Rate debtors discussed and noted. Consistent level of rate debts over several years.
Debt level trending up slightly over 5 years. Prior year debt level increasing. Current year collection has improved.

Resolution

That the Finance Report be received and noted.

Moved: Tony Roberts

Seconded: Cr Kevin Erwin

Carried

Attachments

1. Finance Report June 2022

7 General Business

7.1 Audit and Risk Committee Reappointment - Mr Tony Roberts

Discussion regarding the reappointment of Mr Tony Roberts to the Audit and Risk Committee.

Outcome

The committee discussed the reappointment of Mr Tony Roberts to the Audit and Risk Committee and recommended that Mr Roberts be reappointed to the committee for a three year term ending 30 September 2025.

Resolution

That Mr Tony Roberts be reappointed to the Audit and Risk Committee for a three year term ending 30 September 2025.

Moved: Cr Murray Emerson

Seconded: Cr Kevin Erwin

Carried

7.2 Biannual Report

Audit Committee Chair tabled the Biannual Report.

Outcome

Mr Peter Knights thanked Council's CEO Liana Thompson for her work and leadership during her term at NGSC. Mr Knights also acknowledged the impact on Council and the committee of the passing of Cr Tony Driscoll.

Resolution

That the Biannual Report be received and endorsed for tabling at the next Council Meeting.

Moved: Cr Murray Emerson

Seconded: Cr Kevin Erwin

Carried

7.3 Annual Information Security Performance Indicators

Ms Stretch Smith and Ms Mary Scully provided an update on the Annual Information Security Performance Indicators.

Outcome

The report provided a summary of the VPDSS standards and the information security performance indicators. The report framework is to be reviewed annually. Each indicator has been reviewed and 7 of the 12 are actioned to date. A work plan has been formulated for actioning of the other indicators. One data breach which occurred was explained to the committee and was reported to OVIC, who are satisfied with actions taken. The committee requested that further progress on this project be reported to the committee at the March 2023 meeting.

Resolution

That the Annual Information Security Performance Indicators update be received and noted.

Moved: Tony Roberts

Seconded: Cr Murray Emerson

Carried

7.4 Leave Balances

Mr Graham Haylock provided an update on leave balances and the actions taken to reduce excessive balances.

Outcome

Mr Haylock reported that the People & Culture team have reviewed excessive leave and have implemented actions to reduce the leave balances. 21 Employees were identified as having annual leave balances of more than 8 weeks. This related to 98 weeks leave, at a cost of \$200,000.

Initial action only achieved moderate results to bring the leave balance levels down.

Further actions were that all managers were required to develop leave plans with those employees. People & Culture are monitoring the balances quarterly to ensure that the plans are being complied with.

Leave plans have been put in place for all but 3 employees. By 31 Dec 2023 it is expected that excessive leave should be complied with. Ms Liana Thompson thanked the Audit & Risk Committee for bringing this issue to Council's attention and focus.

Resolution

That the Leave Balances update be received and noted.

Moved: Cr Kevin Erwin

Seconded: Tony Roberts

Carried

7.5 Draft Financial Reserves Policy

Mr Graham Haylock presented the draft financial reserves policy which includes Defined Benefits reserve balance review trigger.

Outcome

Policy has been reviewed and will be presented to Council for approval subject to Audit & Risk Committee's response.

Long Service Leave reserve to be removed – no separate reserve required as provided for in provisions.

Defined Benefits to be reviewed if the VBI trigger of 100% is reached.

Resolution

That the draft Financial Reserves Policy be received and noted.

Moved: Cr Kevin Erwin

Seconded: Tony Roberts

Carried

Attachment

1. Draft Financial Reserves Policy

8 Next Meeting

The next meeting is scheduled to be held 14 December 2022

9 Close

The meeting closed at 10.26am.

**Northern Grampians Shire Council
DRAFT ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2022

Northern Grampians Shire Council

Financial Report

Table of Contents

FINANCIAL REPORT		Page
Certification of the Financial Statements		64
Victorian Auditor-General's Office Report		65
 Financial Statements		
Comprehensive Income Statement		67
Balance Sheet		68
Statement of Changes in Equity		69
Statement of Cash Flows		70
Statement of Capital Works		71
 Notes to Financial Statements		
Note 1	Overview	72
Note 2	2.1 Performance against budget	
	2.1.1. Income and expenditure	74
	2.1.2. Capital works	76
	2.2 Analysis of Council results by program	
	2.2.1. Functions and activities of Council	78
	2.2.2. Summary of revenues, expenses and assets	79
Note 3	Funding for the delivery of our services	
	3.1. Rates and charges	80
	3.2. Statutory fees and fines	80
	3.3. User fees	80
	3.4. Funding from other levels of government	81
	3.5. Contributions	81
	3.6. Assets Recognised for the first time	82
	3.7. Other income	82
Note 4	The cost of delivering services	
	4.1. Employee costs	82
	4.2. Materials and services	83
	4.3. Depreciation	83
	4.4. Amortisation - right of use assets	83
	4.5. Bad and doubtful debts	83
	4.6. Borrowing costs	83
	4.7. Finance Costs - leases	83
	4.8. Net gain/(loss) on disposal of property, infrastructure, plant & equipment	83
	4.9. Other expenses	84
Note 5	Our financial position	
	5.1. Financial assets	85
	5.2. Non-financial assets	86
	5.3. Payables, trust funds and deposits and unearned income/revenue	87
	5.4. Interest bearing liabilities	87
	5.5. Provisions	88
	5.6. Financing arrangements	89
	5.7. Commitments	90
	5.8. Leases	91

Northern Grampians Shire Council
Financial Report
Table of Contents

FINANCIAL REPORT		Page
Note 6	Assets we manage	
	6.1. Non current assets classified as held for sale	93
	6.2. Property infrastructure plant and equipment	94
	6.3. Investments in associates, joint arrangements and subsidiaries	99

Northern Grampians Shire Council
Financial Report
Table of Contents

FINANCIAL REPORT		Page
Notes to Financial Statements cont'd		
Note 7	People and relationships	
	7.1. Council and key management remuneration	101
	7.2. Related party disclosure	102
Note 8	Managing uncertainties	
	8.1. Contingent assets and liabilities	103
	8.2. Change in accounting standards	104
	8.3. Financial instruments	105
	8.4. Fair value measurement	107
	8.5. Events occurring after balance date	108
Note 9	Other matters	
	9.1 Reserves	109
	9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	111
	9.3 Superannuation	112

Certification of the Financial Statements

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

Graham Haylock CPA
Principal Accounting Officer

Date :
Stawell

In our opinion the accompanying financial statements present fairly the financial transactions of Northern Grampians Shire Council for the year ended 30 June 2022 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 and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the financial statements in their final form.

Cr Murray Emerson
Mayor

Date :
Stawell

Cr Kevin Erwin
Councillor

Date :
Stawell

Ms Liana Thompson
Chief Executive Officer

Date :
Stawell

VAGO Opinion

VAGO Opinion

Comprehensive Income Statement For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Rates and charges	3.1	19,337	18,260
Statutory fees and fines	3.2	422	455
User fees	3.3	1,677	1,433
Grants - operating	3.4	13,373	12,571
Grants - capital	3.4	6,718	6,810
Contributions - monetary	3.5	591	193
Contributions - non monetary	3.5	3	-
Assets recognised for the first time	3.6	-	99
Reversal of restoration provisions	5.5	(2)	(5)
Share of net profit of associates	6.3	160	218
Other income	3.7	613	836
Total income		42,893	40,871
Expenses			
Employee costs	4.1	(17,219)	(16,952)
Materials and services	4.2	(9,342)	(9,998)
Depreciation	4.3	(14,089)	(13,750)
Amortisation - Right of use assets	4.4	(34)	(114)
Bad and doubtful debts	4.5	(86)	2
Borrowing costs	4.6	(72)	(93)
Finance Costs - Leases	4.7	(3)	-
Net loss on disposal of property, infrastructure, plant and equipment	4.8	(2,971)	(3,124)
Other expenses	4.9	(1,725)	(1,127)
Total expenses		(45,541)	(45,156)
Surplus/(deficit) for the year		(2,648)	(4,285)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	6.2	29,768	-
Total other comprehensive income		29,768	-
Total comprehensive result		27,120	(4,285)

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

Balance Sheet As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	25,347	30,232
Trade and other receivables	5.1 (c)	1,844	1,948
Inventories	5.2 (a)	427	138
Other assets	5.2 (b)	205	30
Total current assets		27,822	32,348
Non-current assets			
Trade and other receivables	5.1 (c)	-	9
Investment in associates	6.3	576	416
Property, infrastructure, plant and equipment	6.2	460,309	431,959
Right-of-use assets	5.8	208	95
Total non-current assets		461,092	432,479
Total assets		488,914	464,827
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	1,995	3,622
Trust funds and deposits	5.3 (b)	6	6
Unearned income/revenue	5.3 (c)	4,438	4,601
Provisions	5.5	3,354	3,305
Interest-bearing loans and borrowings	5.4	97	1,092
Lease liabilities	5.8	63	87
Total current liabilities		9,953	12,713
Non-current liabilities			
Provisions	5.5	364	380
Interest-bearing loans and borrowings	5.4	1,000	1,097
Unearned income/revenue	5.3 (c)	282	600
Lease Liabilities	5.8	146	-
Total non-current liabilities		1,793	2,078
Total liabilities		11,746	14,790
Net assets		477,168	450,036
Equity			
Accumulated surplus		125,789	129,099
Reserves	9.1	351,378	320,937
Total Equity		477,167	450,036

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

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

	Note	Statement of Changes in Equity			
		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2022					
Balance at beginning of the financial year		450,036	129,099	314,487	6,450
Adjusted Opening Balance		450,036	129,099	314,487	6,450
Surplus/(Deficit) for the year		(2,648)	(2,648)	-	-
Net asset revaluation increment	9.1	29,779	-	29,779	-
Transfers from other reserves	9.1	-	(662)	-	662
Balance at end of the financial year		477,167	125,789	344,266	7,112

	Note	Statement of Changes in Equity			
		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2021					
Balance at beginning of the financial year		454,321	134,212	314,487	5,622
Surplus/(Deficit) for the year		(4,285)	(4,285)	-	-
Transfers from other reserves	9.1	-	(828)	-	828
Balance at end of the financial year		450,036	129,099	314,487	6,450

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

Statement of Cash Flows For the Year Ended 30 June 2022

	Note	2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		19,236	18,246
Statutory fees and fines		422	455
User fees		1,753	1,460
Grants - operating		12,772	12,571
Grants - capital		6,718	6,810
Contributions - monetary		591	193
Interest received		2	-
Trust funds and deposits taken/(paid)		-	(117)
Other receipts		611	1,009
Net GST refund / (payment)		(27)	(10)
Employee costs		(17,188)	(16,458)
Materials and services		(11,312)	(6,173)
Other payments		(1,725)	(1,127)
Net cash provided by operating activities	9.2	11,855	16,859
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(15,645)	(13,612)
Proceeds from sale of property, infrastructure, plant and equipment		17	171
Loans and advances		80	28
Net cash used in investing activities		(15,548)	(13,413)
Cash flows from financing activities			
Finance costs		(72)	(93)
Proceeds from borrowings		(112)	-
Repayment of borrowings		(1,092)	(218)
Interest paid - lease liability		(34)	-
Repayment of lease liabilities		122	(114)
Net cash used in financing activities		(1,188)	(425)
Net increase (decrease) in cash and cash equivalents		(4,881)	3,021
Cash and cash equivalents at the beginning of the financial year		30,229	27,208
Cash and cash equivalents at the end of the financial year	5.1 (a)	25,348	30,229
Financing arrangements	5.6		
Restrictions on cash assets	5.1 (b)		

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

Statement of Capital Works For the Year Ended 30 June 2022

	2022 \$'000	2021 \$'000
Property		
Land improvements	-	600
Total land	-	600
Buildings	5,070	3,805
Total property	5,070	4,405
Plant and equipment		
Plant, machinery and equipment	660	257
Computers and telecommunications	32	26
Total plant and equipment	692	283
Infrastructure		
Roads	5,122	6,872
Bridges	1,088	604
Footpaths and cycleways	726	772
Drainage	505	311
Parks, open spaces and streetscapes	2,446	365
Total infrastructure	9,887	8,924
Total capital works expenditure	15,648	13,612
Represented by:		
New asset expenditure	2,618	6,212
Asset renewal expenditure	6,879	5,250
Asset expansion expenditure	72	-
Asset upgrade expenditure	6,079	2,150
Total capital works expenditure	15,648	13,612

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

Note 1 OVERVIEW

Introduction

The Northern Grampians Shire Council was established by an Order of the Governor in Council on 20 January, 1995 and is a body corporate.
The Council's main office is located at 59-69 Main Street, Stawell.

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, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

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

OVERVIEW (cont)

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

(b) Impact of COVID-19

During 2021-22 the COVID-19 pandemic continued to impact on Council's operations. Council has noted the following significant impacts on its financial operations:

During the 2021/22 financial year Council's sports and aquatic centre experienced a reduction in attendance resulting in an estimated loss of revenue in the order of \$0.26m compared to budget. This loss of income was offset by savings in the areas of tourism and events that was partly due to the ongoing impact of COVID-19 lockdowns and restrictions.

Council provided waiver of some user fees and rental income pursuant to the COVID-19 Financial Support and Hardship Policy. The impact of this policy resulted in the waiver of user charges plus penalty rates interest that totalled in the order of \$0.07m.

There was minimal impact on staffing costs as the majority of impacted staff were able to be redeployed.

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

Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. *The Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of \$250,000 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 28 June 2021. The Budget was based on assumptions that were relevant at the time of adoption. Council sets guidelines and parameters for income and expense targets in the Budget in order to meet Council's planning and financial performance targets for both the short and long-term. The Budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

2.1.1 Income and expenditure

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Income					
Rates and charges	18,811	19,337	526	3%	1
Statutory fees and fines	455	422	(33)	-7%	
User fees	1,813	1,677	(136)	-7%	
Grants - operating	10,493	13,373	2,880	27%	2
Grants - capital	8,081	6,718	(1,363)	-17%	3
Contributions - monetary	560	591	31	6%	
Assets recognised for the first time	-	-	-	100%	
Share of net profit of associates	-	160	160	100%	
Other income	828	613	(215)	-26%	
Total income	41,041	42,892	1,851	5%	
Expenses					
Employee costs	(17,166)	(17,219)	(53)	0%	4
Materials and services	(9,435)	(9,342)	93	-1%	
Depreciation	(13,818)	(14,089)	(271)	2%	5
Amortisation - Right of use assets	(86)	(34)	52	-60%	
Bad and doubtful debts	-	(86)	(86)	-100%	
Borrowing costs	(75)	(72)	3	-4%	
Finance Costs - Leases	(3)	(3)	(0)	7%	
Net loss on disposal of property, infrastructure, plant and equipment	-	(2,971)	(2,971)	-100%	6
Other expenses	(1,608)	(1,725)	(117)	7%	
Total expenses	(42,190)	(45,541)	(3,351)	8%	
Surplus for the year	(1,150)	(2,650)	(1,500)	130%	

**Notes to the Financial Report
For the Year Ended 30 June 2022****Performance against budget (cont.)**

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates & Charges	Additional income due to supplementary rates and rates in lieu received (windfarms)
2	Grants - Operating	Increased funding from financial assistant grants of \$2.6m due early part payment of the 2022-23 allocation.
3	Grants - Capital	Unbudgeted grant received for the Local Road and Community Infrastructure Program.
4	Employee Costs	Variance due to increased provision for Long Service Leave (\$387k) and MAV Work Care Scheme wind-down payment (\$189.5k)
5	Depreciation	Higher depreciation expenses is mainly due to the impact of the 2021-22 asset revaluations not known at the time of budget adoption.
6	Net loss on Disposal of Property, Infrastructure, Plant & Equipment	Net loss is due to the need to write off the un-depreciated book value of assets that were replaced during the course of the financial year.

Note 2.1 Performance against budget (cont'd)

2.1.2 Capital Works

	Budget adopted 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Property					
Land improvements	600	-	(600)	-100%	1
Total Land	600	-	(600)	-100%	
Buildings	3,311	5,070	1,759	53%	2
Total Buildings	3,311	5,070	1,759	53%	
Total Property	3,911	5,070	1,159	30%	
Plant and Equipment					
Plant, machinery and equipment	810	660	(150)	-19%	
Computers and telecommunications	-	32	32	0%	
Total Plant and Equipment	810	692	(118)	-15%	
Infrastructure					
Roads	4,154	5,122	968	23%	3
Bridges	1,049	1,088	39	4%	
Footpaths and cycleways	408	726	318	78%	4
Drainage	164	505	341	208%	5
Waste management	205	-	(205)	-100%	6
Parks, open spaces and streetscapes	4,648	2,446	(2,202)	-47%	7
Aerodromes	300	-	(300)	-100%	8
Total Infrastructure	10,928	9,887	(1,041)	-10%	
Total Capital Works Expenditure	15,649	15,648	(1)	0%	
Represented by:					
New asset expenditure	1,458	2,618	1,161	80%	
Asset renewal expenditure	4,869	6,879	2,010	41%	
Asset expansion expenditure	408	72	(336)	-82%	
Asset upgrade expenditure	8,915	6,079	(2,836)	-32%	
Total Capital Works Expenditure	15,649	15,648	(1)	0%	

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

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land Improvements	\$0.6m of land budget variance relates to the Sloane Street works, the project is not complete, costs have not been capitalised and are accounted for in Work in Progress.
2	Buildings	The \$1.7m variance is due to expenditure for Lord Nelson Park Multipurpose Sporting Facility Redevelopment not completed in 2021, held in Work in Progress and now capitalised.
3	Roads	This program has a number of unbudgeted projects which were funded by a number of new grant programs which included the Local Roads and Infrastructure program.
4	Footpaths and cycleways	This program has a number of unbudgeted projects which were funded by a number of new grant programs which included the Local Roads and Infrastructure program.
5	Drainage	There were major flooding works completed during the year. The variance includes an overspend of \$0.7m on Stawell & McLaughlin Streets.
6	Waste management	The Smart Waste Technology project was not undertaken in this financial year.
7	Parks, open spaces and streetscapes	There are a number of projects that were budgeted to be finalised in the 2021-22 but will be completed in the 2022-23 financial year subject to contractor availability.
8	Aerodromes	The variance due to the Stawell Aerodrome works not being completed to enable capitalisation of assets. Completion expected in the coming months.

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Your Lifestyle

Community life provides high quality community focused programs, service delivery and communication to residents. Community life is comprised of community care, connected communities, family services, health communities, leisure and recreational services which includes parks and sporting ovals together with social planning and investment.

Growing Our Economy

Growing our economy supports local festivals and events and advocates on behalf of the community for major events, tourism and cultural opportunities. Growing our economy is responsible for economic development and events and tourism. It further encompasses the planning services area that includes the assessment of town development, planning strategy and urban growth.

Maintaining Assets

Maintaining assets is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. These assets include roads, bridges, footpaths and drainage together with community buildings.

Community Safety

Community safety provides efficient and effective services to meet the growing needs of the community. The service area is dedicated to the health, safety and amenity of the community. The service includes environment and waste, building safety, community protection, emergency management and municipal resources.

Governance

Governance provides effective governance oversight of the organisation. Human resource management provides support to the organisation and ensures councils customer focus includes communication and community engagement processes. Service areas include governance, enterprise risk and legal services.

Finance and strategy provides efficient, effective and proactive support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes finance services, digital information and technology, property and procurement.

Note 2.2 Analysis of Council results by program

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

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
2022	\$'000	\$'000	\$'000	\$'000	\$'000
Your Lifestyle	9,402	7,380	2,022	6,638	8,075
Growing Our Economy	2,206	2,233	(27)	964	-
Maintaining Assets	21,429	23,825	(2,396)	8,634	453,113
Community Safety	3,389	3,770	(382)	1,271	-
Governance	6,467	8,333	(1,866)	2,585	27,727
	42,893	45,541	(2,648)	20,091	488,914

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
2021	\$'000	\$'000	\$'000	\$'000	\$'000
Your Lifestyle	12,180	7,273	4,907	7,202	5,815
Growing Our Economy	4,163	4,491	(328)	1,716	-
Maintaining Assets	16,368	22,689	(6,321)	7,071	426,570
Community Safety	2,949	3,414	(465)	1,084	-
Governance	5,213	7,289	(2,076)	2,310	32,442
	40,873	45,156	(4,283)	19,383	464,828

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

Note 3 Funding for the delivery of our services
3.1 Rates and charges

2022 \$'000	2021 \$'000
----------------	----------------

Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its estimated realisable value if offered for sale at the time of the valuation.

The valuation base used to calculate general rates for 2021-22 was \$3,763 million (2020-21, \$3,200 million). The 2021-22 rate in the capital improved value dollar was 0.5705 cents (2020-21 0.6129 cents).

General rates

Residential rates	8,007	8,025
Commercial rates	754	783
Industrial rates	494	291
Farm rates	5,359	4,993
Total general rates	14,615	14,092

Other rates and charges

Municipal charge	1,337	1,313
Waste management charge	2,849	2,820
Rates in lieu	525	24
Cultural and recreational	11	11
Total other rates and charges	4,721	4,169
Total rates and charges	19,337	18,260

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2021, and the valuation first applied in the rating year commencing 1 July 2021.

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

3.2 Statutory fees and fines

Infringements and costs	17	8
Town planning fees	221	178
Land information certificates	20	18
Permits	164	253
Total statutory fees and fines	422	455

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

3.3 User fees

Aged and health services	514	458
* Leisure centre and recreation	442	319
Child care/children's programs	263	276
* Registration and other permits	150	139
Waste management services	66	44
Hire income	3	-
Rental fees	114	67
Infrastructure fees	111	102
Other fees and charges	15	28
Total user fees	1,677	1,433

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

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.

* The impact of COVID-19 has resulted in a \$0.32m loss of user fees, compared to budget, mainly from leisure centres \$0.25m and rates interest \$0.06m.

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

	2022 \$'000	2021 \$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following		
Summary of grants		
Commonwealth funded grants	14,752	13,431
State funded grants	5,339	5,952
Total	20,091	19,383
(a) Operating grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	10,799	7,860
Aged care	641	655
Libraries	-	11
Other	7	27
<i>Recurrent - State Government</i>		
Aged care	113	104
Libraries	157	152
Maternal and child health	331	302
Recreation	268	220
Community safety	26	266
Pre school	95	464
Youth	25	50
Other	75	75
Total recurrent operating grants	12,538	10,187
<i>Non-recurrent - Commonwealth Government</i>		
Pre school	70	-
Economic development	-	27
Family and children	-	28
Other	-	21
<i>Non-recurrent - State Government</i>		
Aged care	37	107
Family and children	169	189
Pre school	5	-
Economic development	82	402
Working for Victoria	-	724
COVID business and hospitality support	189	310
Recreation	27	-
Other	256	578
Total non-recurrent operating grants	835	2,385
Total operating grants	13,373	12,571
(b) Capital grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,858	1,858
Total recurrent capital grants	1,858	1,858
<i>Non-recurrent - Commonwealth Government</i>		
Aerodromes	150	4
Parks, open spaces & streetscapes	612	2,441
Infrastructure	114	50
Natural disaster reconstruction	-	449
Buildings	500	-
<i>Non-recurrent - State Government</i>		
Buildings	622	280
Parks, open spaces & streetscapes	-	494
Land & land improvements	300	100

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

2021/2022 Financial Report

Footpaths and cycleways	232	-
Recreational facilities	1,679	-
Infrastructure	564	1,133
Other	86	-
Total non-recurrent capital grants	4,860	4,952
Total capital grants	6,718	6,810

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

3.4 Funding from other levels of government (cont.)

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

Operating

Balance at start of year	1,063	2,120
Received during the financial year and remained unspent at balance	252	-
Received in prior years and spent during the financial year	(531)	(1,057)
Balance at year end	784	1,063

Capital

Balance at start of year	5,541	1,793
Received during the financial year and remained unspent at balance	2,777	4,841
Received in prior years and spent during the financial year	(4,382)	(1,093)
Balance at year end	3,936	5,541

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

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

General purpose	10,799	7,860
Specific purpose grants to acquire non-financial assets	6,718	6,810
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	2,574	4,713
	20,091	19,383

3.5 Contributions

Monetary	591	193
Non-monetary	3	-
Total contributions	595	193

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

Roads	3	-
Total non-monetary contributions	3	-

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

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

	2022 \$'000	2021 \$'000
3.6 Assets recognised for the first time		
Net increment on revalued assets (found assets)	-	173
Net decrement on revalued assets (lost assets)	-	(74)
Total net increment on revalued assets	-	99

Assets recognised for the first time are recognised as revenue when Council obtains control over the asset. The found assets include road and footpath segments that were identified by geographic information system (GIS) mapping undertaking during 2020/21. Likewise, lost assets are assets previously recognised, that could not be identified by the GIS and removed from the asset register.

	2022 \$'000	2021 \$'000
3.7 Other income		
Interest Income	2	19
Other Income	611	816
Total other income	613	836

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services

	2022 \$'000	2021 \$'000
4.1 (a) Employee costs		
Salary & wages	15,872	15,766
less capitalised wages and salaries	(828)	(940)
	15,044	14,826
Wages and salaries	15,044	14,826
Workcover	469	291
LSL provision movement	202	400
Superannuation	1,520	1,427
Fringe Benefit Tax	(16)	7
Total employee costs	17,219	16,952
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	57	63
	57	63
Employer contributions payable at reporting date.	-	1
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	837	792
Employer contributions - other funds	625	571
	1,463	1,363
Employer contributions payable at reporting date.	(68)	(62)

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$82,000. Refer to Note 9.3 for further information relating to Council's superannuation obligations.

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

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

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

4.2 Materials & Services	2022 \$'000	2021 \$'000
Advertising and communications	229	203
Building maintenance	174	197
Consultants	447	193
Consumables	94	109
Contract employees	544	391
Contractors	3,204	3,279
Contributions	282	472
Fuel	358	463
General maintenance	591	638
Information technology	766	870
Insurance	562	319
Legal expenses	42	224
Materials and services	636	962
Memberships and subscriptions	182	171
Minor equipment	111	267
Office administration	114	349
Security costs	47	43
Uniforms and protective clothing	63	63
Utilities	413	356
Waste management	481	428
Total materials and services	9,342	9,998

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

* The impacts of COVID-19 resulted in a small savings to the operation of the leisure facilities due to closures and limited opening hours.

4.3 Depreciation	2022 \$'000	2021 \$'000
Buildings	1,867	1,767
Plant and equipment	895	915
Infrastructure	11,327	11,068
Total depreciation	14,089	13,750

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

4.4 Amortisation - Right of use assets

Vehicles	34	114
Total Amortisation - Right of use assets	34	114

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

4.5 Bad & Doubtful Debts

Other debtors	86	(2)
Total bad and doubtful debts	86	(2)

Movement in provisions for doubtful debts

Balance at the beginning of the year	78	78
New provisions recognised during the year	84	-
Balance at the end of year	163	78

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

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.

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

	2022 \$'000	2021 \$'000
4.6 Borrowing costs		
Interest on loans	72	93
Total borrowing costs	72	93

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

4.7 Finance Costs - Leases		
Interest - lease liabilities	3	-
Total finance costs	3	-

4.8 Net loss on disposal of property, infrastructure, plant and equipment		
Proceeds from sale of assets	17	171
Written down value of assets disposed	(35)	(3,228)
Written down value of Infrastructure Reconstructed assets	(2,953)	-
Written down value of disposed asset held for sale	-	(66)
Total net loss on disposal of property, infrastructure, plant and equipment	(2,971)	(3,124)

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

4.9 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	28	34
Auditors' remuneration - Internal Audit	15	3
Councillors' allowances	215	213
Tourism contribution	164	-
Community contributions	817	287
Operating lease rentals	292	344
Other	193	245
Total other expenses	1,725	1,127

* The impacts of COVID-19 partly contributed to a \$0.16m expense reduction compared to budget, in the areas of tourism and events.

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

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash on hand	2	2
Cash at bank	25,345	30,231
	25,347	30,232

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

- Trust funds and deposits (Note 5.3 (b))	6	6
- Unspent grants (Note 3.4)	4,720	6,604
(b) Total restricted funds	4,726	6,610
Total unrestricted cash and cash equivalents	20,621	23,623

Intended allocations

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

- Cash held to fund carried forward capital works	11,163	8,514
- Cash held to fund carried forward projects	519	366
- Reserve funds (Note 9.1)	7,112	6,450
Total funds subject to intended allocations	18,794	15,330

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

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

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

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors	1,139	1,038
Net GST receivable	238	211

Non statutory receivables

Loans and advances to community organisations	0	70
Other debtors	629	707
Provision for doubtful debts - other debtors	(163)	(78)

Total current trade and other receivables

Non-current

Non statutory receivables

Loans and advances to community organisations	-	9
Total non-current trade and other receivables	-	9

Total trade and other receivables

	1,844	1,957
--	--------------	--------------

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

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

5.1 Financial assets (cont)

(d) Ageing of Receivables *

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

	2022 \$'000	2021 \$'000
Current (not yet due)	21	507
Past due by up to 30 days	325	183
Past due between 31 and 90 days	13	1
Past due between 91 and 365 days	251	27
Past due by more than 1 year	19	68
Total trade & other receivables	629	786

* Council has reviewed the ageing of receivables in the context of COVID-19 and assessed that no further impairments are required.

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$162,611 (2021: \$27,000) were impaired. The amount of the provision raised against these debtors was \$162,611 (2021: \$78,365). They individually have been impaired as a result of their doubtful collection.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 90 days	-	-
Past due between 91 and 365 days	145	16
Past due by more than 1 year	17	62
Total trade & other receivables	163	78

5.2 Non-financial assets

(a) Inventories

Inventory held for distribution

Total inventories

	427	138
Total inventories	427	138

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

(b) Other assets

Prepayments

Total other assets

	205	30
Total other assets	205	30

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

	2022 \$'000	2021 \$'000
5.3 Payables, trust funds and deposits and unearned income/revenue		
(a) Trade and other payables		
<i>Non statutory payables</i>		
Trade payables	1,531	2,289
Accrued wages and salaries	170	214
Accrued expenses	295	1,119
Total trade and other payables	1,995	3,622
(b) Trust funds and deposits		
Refundable deposits	6	6
Total trust funds and deposits	6	6
Deposits & Trusts		
(c) Unearned Income/Revenue		
Grants received in advance - operating	965	800
Grants received in advance - capital	3,755	4,401
Total unearned income	4,720	5,201

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

Unearned Income

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

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 and the use of civic facilities.

5.4 Interest-bearing liabilities

Current

Bank Borrowings - secured (1)

	97	1,092
	97	1,092

Non-current

Bank Borrowings - secured (1)

	1,000	1,097
	1,000	1,097

Total

	1,097	2,189
--	--------------	--------------

(1) Borrowings are secured by the general rates of the Council

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

Not later than one year
Later than one year and not later than five years
Later than five years

	97	1,092
	1,000	97
	-	1,000
	1,097	2,189

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.

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

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

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

5.5 Provisions

	Employee Provisions \$ '000	Landfill restoration \$ '000	Gravel pit restoration \$ '000	Total \$ '000
2022				
Balance at beginning of the financial year	3,563	58	65	3,686
Additional provisions	1,201	-	7	1,207
Amounts used	(1,166)	(5)	-	(1,171)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(4)	-	-	(4)
Balance at the end of the financial year	3,594	53	72	3,718

2021				
Balance at beginning of the financial year	3,068	62	57	3,188
Additional provisions	946	-	8	954
Amounts used	(447)	-	-	(447)
Provision reversed	-	(5)	-	(5)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(4)	-	-	(4)
Balance at the end of the financial year	3,563	58	65	3,686

	2022 \$'000	2021 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	919	977
Rostered days off	12	15
Long service leave	145	24
	1,075	1,016
Current provisions expected to be wholly settled after 12 months		
Annual leave	851	639
Long service leave	1,427	1,650
	2,279	2,289
Total current provisions	3,354	3,305
Non-current		
Long service leave	240	257
Total non-current provisions	240	257
Aggregate carrying amount of employee provisions:		
Current	3,354	3,306
Non-current	240	257
Total aggregate carrying amount of employee	3,594	3,563

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

Annual leave

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

Liabilities for annual leave are measured at:

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

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

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

5.5 Provisions (cont)

Long service leave

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

Key assumptions:

- inflation rate

2022	2021
2.00%	3.00%

Discount rates depend on the years of service and are based upon the rates released by the Department of Treasury and Finance.

(b) Land fill restoration

Non-current

2022 \$'000	2021 \$'000
53	58
53	58

Council is obligated to restore the St Arnaud landfill site to a particular standard. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on the EPA self assessment tool and the current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

c) Gravel pit restoration

Non-current

72	65
72	65

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

5.6 Financing arrangements

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

Interest bearing loans

Bank overdraft

Credit card facilities

Total facilities

1,097	2,189
200	200
250	250
1,547	2,639
-	-
450	450

Used facilities

Unused facilities

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

5.7 Commitments

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

(a) Commitments for expenditure

2022	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Consultancies	91	23	-	-	114
Total	91	23	-	-	114
Capital					
Buildings	93	-	-	-	93
Drainage	786	-	-	-	786
Recreation facilities	541	-	-	-	541
Total	1,420	-	-	-	1,420
2021					
2021	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Waste management	1,040	-	-	-	1,040
Provision for Meals on Wheels	162	166	-	-	328
Cleaning services	493	503	973	-	1,969
Provision of transfer stations	70	71	109	-	250
Infrastructure & environment	274	278	282	-	834
Financial services	56	56	56	-	168
Software licence agreement	218	222	418	-	858
Tourism	42	-	-	-	42
Architect services	168	-	-	-	168
Total	2,523	1,296	1,838	-	5,657
Capital					
Bridges	230	-	-	-	230
Roads	2,008	2,048	4,945	-	9,001
Recreation facilities	3,089	-	-	-	3,089
Total	5,327	2,048	4,945	-	12,320

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
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

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

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

Right-of-Use Assets

Balance at 1 July 2021
Additions
Amortisation charge
Balance at 30 June 2022

	2022 \$'000	2021 \$'000
Vehicles		Vehicles
	95	209
	147	-
	(34)	(114)
	208	95

Lease Liabilities

Maturity analysis - contractual undiscounted cash flows
Less than one year
One to five years
Total undiscounted lease liabilities as at 30 June:

	63	88
	146	-
	209	88

Lease liabilities included in the Balance Sheet at 30 June:

Lease Liability
Non current lease liability
Total lease liabilities

	63	87
	146	-
	209	87

5.5 Leases (cont)

Short-term and low value leases

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

Expenses relating to:

Short-term leases	291	122
Total	291	122

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

	2022 \$'000	2021 \$'000
Cost of acquisition	-	-
Total non current assets classified as held for sale	-	-

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

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

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2021	Acquisitions	Transfers	Found & Relinquished Assets	Revaluation	Depreciation	Disposal	Carrying amount 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	11,650	-	-	-	1,549	-	-	13,198
Buildings	56,443	-	-	-	5,509	(1,867)	-	60,084
Plant and Equipment	5,405	496	-	-	-	(895)	(35)	4,971
Infrastructure	354,321	3,691	2,074	10	22,710	(11,327)	(2,953)	368,526
Work in progress	4,139	11,464	(2,074)	-	-	-	-	13,530
	431,957	15,652	-	10	29,768	(14,089)	(2,988)	460,309

Summary of Work in Progress

	Opening \$'000	Additions \$'000	Transfers \$'000	Write Offs \$'000	Closing WIP \$'000
Buildings	830	5,070	-	-	5,900
Plant and Equipment	-	196	-	-	196
Infrastructure	3,309	6,199	(2,074)	-	7,434
Total	4,139	11,464	(2,074)	-	13,530

(a) Land and Buildings	Land - specialised \$'000	Land - non specialised \$'000	Land improvements \$'000	Total Land \$'000	Buildings - specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2021	11,332	318	132	11,782	78,009	78,009	830	90,621
Accumulated depreciation at 1 July 2021	-	-	(132)	(132)	(21,566)	(21,566)	-	(21,698)
	11,332	318	-	11,650	56,443	56,443	830	68,923
Movements in fair value								
Acquisition of assets at fair value	-	-	-	-	-	-	5,070	5,070
Revaluation increments/decrements	1,507	42	-	1,549	7,875	7,875	-	9,425
	1,507	42	-	1,549	7,875	7,875	5,070	14,495
Movements in accumulated depreciation								
Depreciation	-	-	-	-	(1,867)	(1,867)	-	(1,867)
Revaluation adjustment on accumulated depreciation	-	-	-	-	(2,367)	(2,367)	-	(2,367)
	-	-	-	-	(4,234)	(4,234)	-	(4,234)
At fair value 30 June 2022	12,839	360	132	13,331	85,884	85,884	5,900	105,115
Accumulated depreciation at 30 June 2022	-	-	(132)	(132)	(25,800)	(25,800)	-	(25,932)
Carrying amount	12,839	360	-	13,199	60,084	60,084	5,900	79,183

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

6.2 Property, infrastructure, plant and equipment (cont.)

(b) Plant and Equipment	Plant machinery and equipment	Fixtures fittings and furniture	Library Resources	Computers and telecoms	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	11,811	455	385	1,346	-	13,997
Accumulated depreciation at 1 July 2021	(6,876)	(387)	(39)	(1,290)	-	(8,592)
	4,935	67	347	56	-	5,405
Movements in fair value						
Acquisition of assets at fair value	490	-	-	6	196	692
Fair value of assets disposed	(85)	-	-	-	-	(85)
	405	-	-	6	196	607
Movements in accumulated depreciation						
Depreciation	(807)	(61)	(3)	(24)	-	(895)
Accumulated depreciation of disposals	50	-	-	-	-	50
	(757)	(61)	(3)	(24)	-	(845)
At fair value 30 June 2022	12,216	455	385	1,352	196	14,408
Accumulated depreciation at 30 June 2022	(7,633)	(448)	(42)	(1,314)	-	(9,437)
Carrying amount	4,583	6	344	38	196	5,167

(c) Infrastructure	Roads	Bridges	Footpaths and cycleways	Drainage	Parks open spaces and streetscapes	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	306,889	94,107	20,185	21,931	7,117	209	3,309	453,747
Accumulated depreciation at 1 July 2021	(64,465)	(10,959)	(8,332)	(9,876)	(2,440)	(45)	-	(96,117)
	242,424	83,148	11,853	12,055	4,677	164	3,309	357,630
Movements in fair value								
Acquisition of assets at fair value	3,357	50	224	39	18	-	6,199	9,887
Revaluation increments/decrements	9,167	-	517	2,069	-	-	-	11,753
Found & relinquished assets at fair value	5	-	-	6	-	-	-	11
Gifted Assets	3	-	-	-	-	-	-	3
Fair value of assets disposed	(3,730)	(682)	(23)	(443)	-	-	-	(4,878)
Transfers	803	615	293	310	53	-	(2,074)	-
	9,605	(18)	1,011	1,981	71	-	4,125	16,775
Movements in accumulated depreciation								
Depreciation	(9,419)	(917)	(464)	(246)	(280)	(2)	-	(11,327)
Accumulated depreciation of disposals	1,718	95	4	108	-	-	-	1,926
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
Revaluation adjustment on accumulated depreciation	7,417	-	4,097	(557)	-	-	-	10,957
Accumulated depreciation of found & relinquished	(0)	-	-	(0)	-	-	-	(0)
Transfers	-	-	-	-	-	-	-	-
	(283)	(822)	3,637	(696)	(280)	(2)	-	1,555
At fair value 30 June 2022	316,494	94,089	21,196	23,912	7,188	209	7,434	470,522
Accumulated depreciation at 30 June 2022	(64,748)	(11,781)	(4,695)	(10,572)	(2,720)	(47)	-	(94,562)
Carrying amount	251,745	82,309	16,501	13,340	4,468	162	7,434	375,960

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

6.2 Property, infrastructure, plant and equipment (cont)

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 amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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 been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Land under roads

Land under roads acquired after 30 June 2008 is brought to account using fair value basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

Depreciation

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

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

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

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

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Property		
land		- All assets
land improvements	5 years	5
land under roads		- All assets
Buildings		
buildings	15-100 years	5
Plant and Equipment		
plant, machinery and equipment	1-20 years	2
fixtures, fittings and furniture	2-10 years	2
computers and telecommunications	3-10 years	2
Infrastructure		
road pavements and seals	5-80 years	5
road formation and earthworks	-	5
road kerb and channel	15-100 years	5
bridges superstructure	120 years	15
bridges substructure	120 years	15
bridges rails	40 years	15
major culverts	20-80 years	15
footpaths and cycleways	15-80 years	5
drainage	20-120 years	5
parks, open spaces and streetscapes	15-100	5
heritage assets	15-100 years	10

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.

6.2 Property, infrastructure, plant and equipment (cont.)

Valuation of land and buildings

Valuation of land was undertaken by qualified independent valuers Grant Kerambrun AAPI Certified Practising Valuer VRC Property Pty Ltd as at 30/06/2018. A revaluation and condition assessment of buildings was undertaken by Ashay Prabhu of Assetic Pty Ltd, MIE (Aust) CPEng, NPER: Membership 1102199 in the 2019/20 financial year. 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.

As a part of councils assesment of the fair value of its assets there has been an indexation applied to the valuation of the Land and Buildings categories. The indexation is based on the Victorian Valuer Generals offices indices which for the past 3 years have increased by 13.1% for land and in the past 4 years for buildings by 10.1%. This index has been applied to Land - Specialised, Land - Non Specialised and Buildings - Specialised. The value of land under roads has been excluded.

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

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

The date of the current valuation (DoV) is detailed in the table below together with details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2022 which are as follows:

	\$'000	\$'000	\$'000	DoV
	Level 1	Level 2	Level 3	
Non-specialised land	-	360	-	06/22
Specialised land	-	-	12,839	06/22
Land improvements	-	-	-	06/22
Buildings	-	-	60,084	06/22
Total	-	360	72,923	

Valuation of infrastructure

The valuation method used for Council Infrastructure assets depends on the asset class. Roads, bridges, footpaths and drainage are all valued using the Fair Value method. Parks & open spaces and other infrastructure are valued using the cost method. All assets are reviewed for fair value on an annual basis.

Valuation of road and footpath assets has been determined in accordance with an internal valuation undertaken by Mr Kandee Balasingham B.Engineering (Civil) MIE Aust as at 31/12/2021. This valuation was reviewed at 30 June 2022 with no material changes to valuations.

Valuation of drainage assets has been determined in accordance with an external valuation undertaken by Malcolm Style Pty Ltd and a partial condition assessment was undertaken by Rapid Map Pty Ltd. as at 31/12/2021. This valuation was reviewed at 30 June 2022 with no material changes to valuations.

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

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

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

\$'000	\$'000	\$'000
--------	--------	--------

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

	Level 1	Level 2	Level 3	DoV
Roads	-	-	251,745	12/21
Bridges	-	-	82,309	12/21
Footpaths and cycleways	-	-	16,501	12/21
Drainage	-	-	13,340	12/21
Parks (etc)	-	-	4,468	N/A
Other infrastructure	-	-	162	N/A
Total	-	-	368,525	

6.2 Property, infrastructure, plant and equipment (cont.)

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.05 and \$202.61 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated by individual building components and the remaining useful lives are determined on the basis of the current condition of each of the various components. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

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

	2022 \$'000	2021 \$'000
Reconciliation of specialised land		
Land under roads	2	2
Parks and reserves	5,705	5,023
Vacant land	810	716
Water management	274	242
Waste management	323	286
Gravel reserve	297	263
Aerodromes	304	269
Carpark	700	619
Recreation	578	511
Zoning restrictions	821	726
Council controlled	2,332	2,062
Other	693	613
Total specialised land	12,839	11,332

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

	2022 \$'000	2021 \$'000
6.3 Investment in associates		
Investments in associates		
Investments in associates accounted for by the equity method are:		
- Wimmera Development Association	576	416
	576	416
Change in equity share apportionment	-	-
Share of (deficit)/surplus for year	160	218
(a) Wimmera Development Association		
<i>Background</i>		
Council's investment in the Wimmera Development Association is based on the equity method of accounting.		
Fair value of Council's investment in Wimmera Development Association	576	416
Council's interest in equity	20.17%	20.17%
Council's share of accumulated surplus		
Council's share of accumulated surplus at start of year	312	93
Reported surplus for year	160	218
Transfers (to)/from reserves	32	(0)
Council's share of accumulated surplus at end of year	504	312
Council's share of reserves		
Council's share of reserves at start of year	104	136
Change in equity share apportionment	-	-
Transfers (to)/from reserves	(32)	-
Council's share of reserves at end of year	72	136
Movement in carrying value of specific investment		
Carrying value of investment at start of year	415	197
Change in equity share apportionment	-	-
Share of surplus for year	160	218
Share of asset revaluation	-	-
Distributions received	-	-
Carrying value of investment at end of year	575	415

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Northern Grampians Shire Council is the parent entity.

Associates

Interests in associates are detailed in note 6.3.

(b) Key Management Personnel

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

Details of KMP at any time during the year are:

Councillors

Councillor Anthony Driscoll
Councillor Brian Emerson
Councillor Kevin Erwin
Councillor Rob Haswell
Councillor Lauren Dempsey
Councillor Trevor Gready
Councillor Eddy Ostarcevic

Key Management

Chief Executive Officer - Liana Thompson
Director Corporate Services and Community Services-
Vaughan Williams
Director Infrastructure and Amenity - Trenton Fithall

Total Number of Councillors

Chief Executive Officer and other Key Management Personnel

Total Number of Key Management Personnel

	2022	2021
	No.	No.
Total Number of Councillors	7	10
Chief Executive Officer and other Key Management Personnel	3	4
Total Number of Key Management Personnel	10	14

(c) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

Short-term benefits

Long-term benefits

Post-employment benefits

Total

	2022 \$'000	2021 \$'000
Short-term benefits	853	1,039
Long-term benefits	6	23
Post-employment benefits	80	93
Total	940	1,155

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

\$0,000 - \$9,999
\$10,000 - \$19,999
\$20,000 - \$29,999
\$30,000 - \$39,999
\$60,000 - \$69,999
\$200,000 - \$209,999
\$210,000 - \$219,999
\$220,000 - \$229,999
\$230,000 - \$239,999
\$260,000 - \$269,999
\$270,000 - \$279,999

	2022 No.	2021 No.
\$0,000 - \$9,999	-	3
\$10,000 - \$19,999	-	3
\$20,000 - \$29,999	5	3
\$30,000 - \$39,999	1	-
\$60,000 - \$69,999	1	1
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	-	2
\$230,000 - \$239,999	1	-
\$260,000 - \$269,999	1	-
\$270,000 - \$279,999	-	1
Total	10	14

7.1 Council and key management (cont)

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000

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

Income Range:

\$90,000 - \$99,999
\$140,000 - \$149,999
\$150,000 - \$159,999
\$160,000 - \$169,999
\$170,000 - \$179,999
\$180,000 - \$189,999
\$230,000 - \$239,999

	2022 No.	2021 No.
	1	-
	1	-
	1	-
	2	5
	6	1
	1	1
	1	-
	13	7
Total Remuneration for the reporting year for Senior Officers included above, amounted to	2,281	1,180

7.2 Related party disclosures

(a) Transactions with related parties

Nil

(b) 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 on commercial terms as follows:

Nil

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) Contingent liabilities

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.

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

MAV WorkCare

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

(b) 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.

There are no known contingent assets as at balance date.

(c) Guarantees for loans to other entities

The Council has provided bank guarantees in favour of the Commonwealth Bank to secure debts or obligations. The liability is contingent upon the satisfactory completion of contracts involving the following

	2022 \$'000	2021 \$'000
Minister for Resources	-	-
Minister for Energy and Resources	93	93
Minister for Agriculture and Resources	6	6
Department of Sustainability and Environment	50	50
	148	148

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

8.2 Change in accounting standards

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

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

8.3 Financial Instruments

(a) Objectives and policies

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of our 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.

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. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us 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 rate.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage interest rate risk by adopting an investment policy that ensures:

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

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

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

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

There are no material financial assets which are individually determined to be impaired. Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1.

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

8.3 Financial Instruments

(a) Objectives and policies

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of our 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.

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. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us 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 rate.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage interest rate risk by adopting an investment policy that ensures:

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

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

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

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

There are no material financial assets which are individually determined to be impaired. Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1.

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

8.3 Financial Instruments (cont)

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements, or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a long term financial plan which forecasts the cash and cash equivalent requirements over a long term period to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have an investment policy that requires surplus funds to be invested within various bands of liquid
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1, and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 0.1%.

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

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

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

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

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

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

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

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

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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, open space and heritage assets 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 on an asset result in changes to the permissible or practical highest and best use of the asset.

In addition, Council undertakes an indexation revaluation on an annual basis of Building and Infrastructure assets where there has not been a revaluation in that year. The indexations are calculated using generally accepted industry methods and analysis of Council's most frequently used materials.

Council subsequently undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 5 to 10 years. The valuation is performed either by experienced council officers or independent experts.

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

8.4 Fair value measurement (cont)

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

During the 2021-22 financial year there were ongoing impacts as a result of COVID-19 in Victoria. This impact has continued in the period since 30 June 2021. The Victorian Government continues to implement measures to contain the spread of the virus, including travel restrictions, quarantines, curfews, social distancing, and closures of non-essential services. This has triggered significant disruptions to businesses throughout regional and rural Victoria, resulting in ongoing economic slowdown. Several of Council services have now been or continue to be impacted including Council's indoor/outdoor sporting facilities. Essential services continue to be provided.

The COVID-19 impact has resulted in a loss of income, in the order of \$0.3 million for the 2021-22 year, mainly as a result of the closure or restricted usage of the leisure centre as well as the waiver of user fee income pursuant to the implementation of the Financial Support and Hardship Policy. Council has determined that these events are non-adjusting subsequent events. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of the consequences, as well as their impact on the financial position and results of Northern Grampians Shire Council for future periods.

Council is not aware of any other after reporting date events.

Note 9 Other matters

9.1 Reserves	Balance at beginning of reporting period	Share of increment/ (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000
2022			
Property			
Land	6,619	1,549	8,168
Buildings	52,966	5,509	58,475
	59,585	7,058	66,643
Infrastructure			
Roads	181,735	16,589	198,324
Bridges	65,715	-	65,715
Footpaths and cycleways	6,863	4,614	11,477
Drainage	570	1,518	2,088
Recreational, leisure and community facilities	-	-	-
Waste management	-	-	-
Parks, open space and streetscapes	-	-	-
Other infrastructure	-	-	-
	254,883	22,721	277,604
	314,468	29,779	344,247
Other			
Investment in associates	19	-	19
	19	-	19
Total asset revaluation reserves	314,487	29,779	344,266
2021			
Property			
Land	6,619	-	6,619
Buildings	52,966	-	52,966
	59,585	-	59,585
Infrastructure			
Roads	181,735	-	181,735
Bridges	65,715	-	65,715
Footpaths and cycleways	6,863	-	6,863
Drainage	570	-	570
	254,883	-	254,883
	314,468	-	314,468
Other			
Investment in associates	19	-	19
	19	-	19
Total asset revaluation reserves	314,487	-	314,487

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

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

Note 9 Other matters (cont.)

	Balance at beginning of reporting period	Transfer to / (from) accumulated surplus	Balance at end of reporting period
(b) Other reserves	\$'000	\$'000	\$'000
2022			
Economic development	328	525	853
Community loans	42	108	150
Waste management	3,905	820	4,725
General	250	(250)	-
Long service leave	-	334	334
Defined benefits	300	-	300
Loan repayments	1,625	(875)	750
Total other reserves	6,450	662	7,112
2021			
Economic development	247	81	328
Gravel pits restoration	57	(57)	-
Community loans	40	2	42
Waste management	3,189	716	3,905
General	-	250	250
Long service leave	289	(289)	-
Defined benefits	300	-	300
Loan repayments	1,500	125	1,625
Total other reserves	5,622	828	6,450

Economic Development Reserve - Funds held for use in enhancing the economic development of our towns.

Gravel Pits Restoration - Provision of the established rehabilitation of gravel pits. No further provision will be added to this in the future.

Community Loans Reserve - Funds held for the restoration of shop front verandahs and other community benefits.

Waste Management - Funds held for the restoration of waste sites and bin replacement.

General - Funds generated from operational savings to be reinvested in future efficiency gains and service reviews.

Long Service Leave Reserve - Funds held for employee long service leave.

Defined Benefits Reserve - Funds held for future calls on defined benefits superannuation.

Loan Repayments Reserve - Funds are being held for the future repayment of interest only loans.

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

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

	2022 \$'000	2021 \$'000
Surplus/(deficit) for the year	(2,648)	1,477
Depreciation	14,089	12,066
Amortisation - Right of Use Assets	34	105
Net loss on disposal of property, infrastructure, plant and equipment	2,971	1,553
Reversal of Provision	2	(45)
Share of (profit)/loss of associates	(160)	(7)
Contributions - Non-monetary assets	(3)	-
Finance costs (included in financing activities)	72	111
Finance Costs - Leases (included in financing activities)	3	3
Withdrawal from Investment in Associates	-	323
Other - WIP movements	-	24
Change in assets and liabilities:		
Decrease in trade and other receivables	61	70
Increase/(decrease) in prepayments	(154)	418
(Increase) in other assets	(27)	-
Increase/(decrease) in trade and other payables	(1,527)	1,715
(Decrease)/increase in unearned income /revenue	(600)	-
Increase in other liabilities	-	15
(Increase) in inventories	(289)	(17)
Increase/(Decrease) in provisions	32	(239)
Net cash provided by operating activities	11,855	17,572

9.3 Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2022, this was 10% as required under Superannuation Guarantee legislation (2021: 9.5%)).

Defined Benefit

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

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

Funding Arrangements

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

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

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

Net investment returns	4.75% pa
Salary information	2.75% pa
Price inflation (CPI)	2.25% pa

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2022.

Vision Super has advised that the VBI at 30 June 2022 was 102.2%. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

The financial assumptions used to calculate this VBI were:

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

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

9.3 Superannuation (cont)

Employer Contributions

Regular Contributions

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

Funding Calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit

The 2021 triennial actuarial investigation surplus amounts

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

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2021. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2021. The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2021.

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

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

2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefits category. It is anticipated that this actuarial investigation will be completed by October 2022.

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

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

Superannuation contributions

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

Scheme	Type of scheme	Rate	2022 \$000	2021 \$000
Vision Super	Defined benefits	10% (2021: 9.5%)	57	60
Vision Super	Accumulation	10% (2021: 9.5%)	837	685
Other Funds	Accumulation	10% (2021: 9.5%)	625	433

There were no contributions outstanding as at 30 June 2022.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$82,000.

Sustainable Capacity Indicators

For the year ended 30 June 2022

<i>Indicator / measure</i> [formula]	Results				Comment
	2019	2020	2021	2022	
Population					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$3,310.86	\$3,380.37	\$3,960.01	\$4,001.49	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$39,633.71	\$37,149.27	\$36,859.60	\$39,285.74	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	3.39	3.37	3.38	3.37	
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,769.35	\$1,779.25	\$1,867.67	\$1,951.41	
Recurrent grants					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$914.54	\$1,013.16	\$1,056.21	\$1,264.92	
Disadvantage					
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	1.00	1.00	1.00	1.00	
Workforce turnover					
<i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	22.9%	15.0%	17.9%	20.5%	

Service Performance Indicators

For the year ended 30 June 2022

Service/indicator /measure [formula]	Results				Comment
	2019	2020	2021	2022	
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	4.07	4.43	3.25	5.22	Recovering to Pre-covid numbers with some additional growth in the service
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	New in 2020	0%	0%	100%	One prosecution had taken place, animal was successfully rehomed in a more suitable environment with a rescue group.
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	114.29%	100.00%	88.89%	90.91%	
Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	51	50	55	55	

<p>Libraries</p> <p>Participation</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 for the last three years] x100</p>	13.98%	12.92%	10.63%	26.41%	Due to the closure of libraries because of COVID the number of active borrowers reduced however we have had a slight increase as the libraries reopen. Current members remain steady at 3347.
<p>Maternal and Child Health (MCH)</p> <p>Participation</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> <p>Participation</p> <p><i>Participation in the MCH service by Aboriginal children</i></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>	85.92%	84.02%	87.28%	84.28%	
<p>Roads</p> <p>Satisfaction</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>	53	50	54	53	
<p>Statutory Planning</p> <p>Decision making</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>	0.00%	0.00%	0.00%	0.00%	

Waste Collection					
Waste diversion					
<i>Kerbside collection waste diverted from landfill</i>	33.60%	31.69%	32.02%	30.42%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

Financial Performance Indicators

For the year ended 30 June 2022

Dimension/indicator /measure	Results				Forecasts				Material Variations and Comments
	2019	2020	2021	2022	2023	2024	2025	2026	
Efficiency									
Expenditure level									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$4,047.31	\$4,125.78	\$4,799.23	\$4,554.10	\$4,450.90	\$4,514.40	\$4,575.10	\$4,668.20	
Revenue level									
<i>Average rate per property assessment</i> [Total rate revenue (general rates and municipal charges) / Number of property assessments]	New in 2020	\$1,607.79	\$1,637.26	\$1,595.20	\$1,615.30	\$1,647.61	\$1,680.56	\$1,714.17	
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	367.97%	396.07%	254.45%	279.48%	179.93%	155.52%	120.45%	104.57%	
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	190.98%	235.06%	131.73%	95.01%	162.33%	137.91%	104.24%	86.96%	
Obligations									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	15.02%	13.48%	11.99%	5.67%	5.16%	5.06%	8.45%	3.42%	
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.56%	1.80%	1.70%	6.02%	0.88%	0.20%	0.20%	5.14%	Large payment for the Local Government Funding Vehicle paid out this financial year

Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	13.85%	16.71%	9.75%	8.07%	8.80%	8.63%	7.19%	7.05%	
Asset renewal and upgrade <i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	75.08%	53.82%	91.97%	76.89%	59.91%	130.75%	53.19%	Larger program completed this financial year which included funding from LRCI Program
Operating position Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	-19.60%	-16.16%	-26.39%	-21.64%	-26.61%	-25.53%	-24.93%	-25.14%	
Stability Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	55.13%	53.82%	51.11%	51.65%	55.09%	54.93%	55.02%	55.10%	
Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.66%	0.64%	0.51%	0.54%	0.39%	0.38%	0.37%	0.36%	

Retired indicators Service / indicator / measure	Results 2019	Comment
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	This measure was replaced by <i>Animal management prosecutions (%)</i> for 2020.
Efficiency Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,778.02	This measure was replaced by <i>Average rate per property assessment</i> for 2020.
Obligations Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	55.38%	This measure was replaced by <i>Asset renewal and upgrade compared to depreciation</i> for 2020.

Financial Report

30 JUNE, 2022



Contents

Executive Summary..... 3

Cash Flow Statement..... 3

Operating Statement..... 4

Capital and Project Summary..... 7

Capital and Project Expenditure Summary..... 8

Capital and Project Revenue Summary..... 9

Cash and Investments..... 10

Debtors Report..... 11

Loan Report..... 12

Executive Summary as at 30 June, 2022

It should be noted that this report only reflects spending to 30 June, 2022.

The actual variation shows a favourable movement of \$11.4M in expected closing cash held at the end of the financial year compared to budget.

Council ended the year with \$25.3M cash.

Cash Flow Statement as at 30 June, 2022

	Actuals to June, 2022 \$' 000	Budget 2021-22 \$' 000	Variations to Budget Fav (Unfav) \$' 000
Operating Activities			
Revenue			
Rates & Charges	(19,250)	(18,756)	494
Operating Grants	(13,425)	(10,493)	2,932
Statutory Fees & Fines	(377)	(455)	(78)
User Fees	(1,677)	(1,813)	(136)
Contributions	(107)	(50)	57
Other Revenue	(865)	(883)	(18)
Total Revenue	(35,701)	(32,450)	3,251
Expenses			
Employee Costs	17,021	17,166	145
Materials & Services	9,160	9,388	228
Borrowing Costs	72	75	3
Other Expenses	1,412	1,608	196
Total Expenses	27,665	28,237	572
	Net Operating	(8,035)	(4,213)
			3,822
Investing Activities			
Capital Expenditure	18,403	15,649	(2,754)
Capital Grants	(6,073)	(8,081)	(2,008)
Capital Income	(17)	(155)	(138)
Capital Contributions	(484)	(510)	(26)
Proceeds from investment in associates	-	-	-
Repayment of Loans & Advances	-	(63)	(63)
	Net Investing Activities	11,829	6,840
			(4,989)
Financing Activities			
New Loans	-	-	-
Principal Repayments	1,092	1,092	(0)
Interest Paid - Lease Liability	-	3	3
Repayment of Lease Liability	-	87	87
Net Trust Movement	-	-	-
	Net Financing Activities	1,092	1,182
			90
Net Movements for Year	4,885	3,809	(1,076)
Opening Cash	30,232	15,450	14,782
Closing Cash	25,347	11,641	11,394

Operating Statement as at 30 June, 2022

100% through the year

	YTD Committed Actuals \$000's	Adopted Budget \$000's	% Actuals to Budget %
Revenue			
Rates & Charges			
Residential	(8,007)	(7,738)	103%
Farm/Rural	(5,359)	(5,562)	96%
Commercial	(754)	(725)	104%
Industrial	(494)	(291)	170%
Cultural & Recreational	(11)	(11)	102%
Municipal Charge	(1,337)	(1,330)	101%
Garbage Charge	(2,849)	(2,830)	101%
Rates in Lieu	(525)	(326)	161%
Rates & Charges	(19,337)	(18,811)	103%
Grants Capital			
Capital Grants	(6,073)	(8,081)	75%
Grants Capital	(6,073)	(8,081)	75%
Grants Operating			
Aged & Disability Services Grants	(791)	(868)	91%
Child Care Grants	(815)	(853)	96%
Environmental Grants	(75)	(75)	100%
Untied Grants	(10,799)	(8,205)	132%
Operating Grants	(818)	(368)	222%
Public Safety Grants	(126)	(123)	102%
Grants Operating	(13,425)	(10,493)	128%
User Fees			
Aged and Disability Service Fees	(514)	(382)	135%
Building Fees	(1)	0	100%
Child Care Fees	(263)	(276)	95%
Leisure Fees	(438)	(698)	63%
Local Law Fees	(105)	(115)	91%
Other Fees	(98)	(142)	69%
Public Health Fees	(52)	(46)	113%
Rental Income	(114)	(116)	98%
Private Works Infrastructure	(27)	(17)	159%
Waste Management Fees	(66)	(22)	306%
User Fees	(1,677)	(1,813)	93%
Statutory Fees and Fines			
Building Fees	(185)	(285)	65%
Local Law Fees	(3)	(4)	82%
Other Fees	(36)	(29)	124%
Planning Fees	(197)	(137)	144%
Statutory Fees and Fines	(422)	(455)	93%
Contributions			
Contributions to Capital	(484)	(510)	95%
Contributions Other	(107)	(49)	218%
Contributions	(591)	(559)	106%
Other Revenue			
Interest Income	(2)	(175)	1%
Other Revenue	(610)	(652)	94%
Other Revenue	(612)	(827)	74%
Revenue	(42,137)	(41,039)	103%
Revenue (excl Rates & Charges)	(22,800)	(22,228)	103%

Operating Statement as at 30 June, 2022

100% through the year

	YTD Committed Actuals \$000's	Adopted Budget \$000's	% Actuals to Budget %
Expenses			
Employee Benefits			
Salary & Wages	14,875	14,910	100%
Superannuation	1,520	1,463	104%
LSL Provision Movement	816	429	190%
Fringe Benefit Tax	(16)	33	-50%
Workcover	469	331	142%
Employee Benefits	17,663	17,166	103%
Materials & Services			
Advertising	104	122	86%
Audit Fees	187	86	218%
Bank Fees	52	66	79%
Catering	19	45	41%
Communications	126	162	78%
Professional Advice	450	554	81%
Contractors	3,290	2,721	121%
Contributions - Reciprocal	282	116	242%
Cost of Goods Sold	182	175	104%
Equipment Mtc & Repair	594	680	87%
Fuel	358	556	64%
Insurance	562	586	96%
Leases	320	368	87%
Legal Expenses	42	117	36%
Memberships & Subscriptions	182	144	127%
Minor Equipment	117	73	161%
Office Supplies	12	10	121%
Other Materials and Services	1,317	800	165%
Postage & Freight	27	37	74%
Printing	29	81	36%
Recruitment & Retention Expenses	39	21	184%
Security Expenses	47	58	80%
Software Costs	800	1,000	80%
Uniforms & Protective Clothing	131	96	136%
Utilities	413	427	97%
Contract Employees	544	337	161%
Materials & Services	10,224	9,435	108%
Depreciation			
Depreciation	13,884	13,818	100%
Depreciation	13,884	13,818	100%
Amortisation			
Amortisation	0	86	0%
Amortisation	-	86	0%
Finance Costs			
Borrowing Costs	72	75	96%
Lease Costs	0	3	0%
Finance Costs	72	78	92%
Other Expenses			
Contributions - Non Reciprocal	997	1,001	100%
Councillor Allowances	215	214	101%
Other Expenses	200	391	51%
Other Expenses	1,412	1,606	88%
Bad & Doubtful Debts			
Other Debtors	2	0	100%
Bad & Doubtful Debts	2	0	100%
Expenses	5 43,257	42,189	103%

Operating Statement as at 30 June, 2022

100% through the year

	YTD Committed Actuals \$000's	Adopted Budget \$000's	% Actuals to Budget %
Expenses (excl Depreciation)	29,374	28,285	104%
Other Income Statement Items			
Proceeds of Asset Sales	(17)	-	100%
Written Down Value of Assets Sold	1,984	-	100%
Net (Increment) Revalued Assets	-	-	0%
Other Income Statement Items	1,967	0	100%
Operating Statement	3,087	1,150	269%

Capital & Project Expenditure Summary

Programs	Actuals \$000's	Forecast \$000's	% Complete	Remaning
Major Emergency Restoration	262	-	100%	0%
Roads	5,970	7,616	78%	22%
Bridges	1,028	2,190	47%	53%
Building	4,407	5,986	74%	26%
Drainage	377	352	107%	-7%
Open Spaces	2,780	5,235	53%	47%
Land & Land Improvements	383	1,260	30%	70%
IT	38	37	102%	-2%
Plant, Vehicles & Equipment	665	938	71%	29%
Projects	860	933	92%	8%
Total Capital & Projects	16,770	24,546	68%	32%

2021/22 Capital Program

Capital Projects	15,223	23,161
Expensed Projects	1,285	1,386

2021/22 Major Emergency Restoration

Capital Projects	153	-
Expensed Projects	109	-
Total Capital & Projects	16,770	24,546

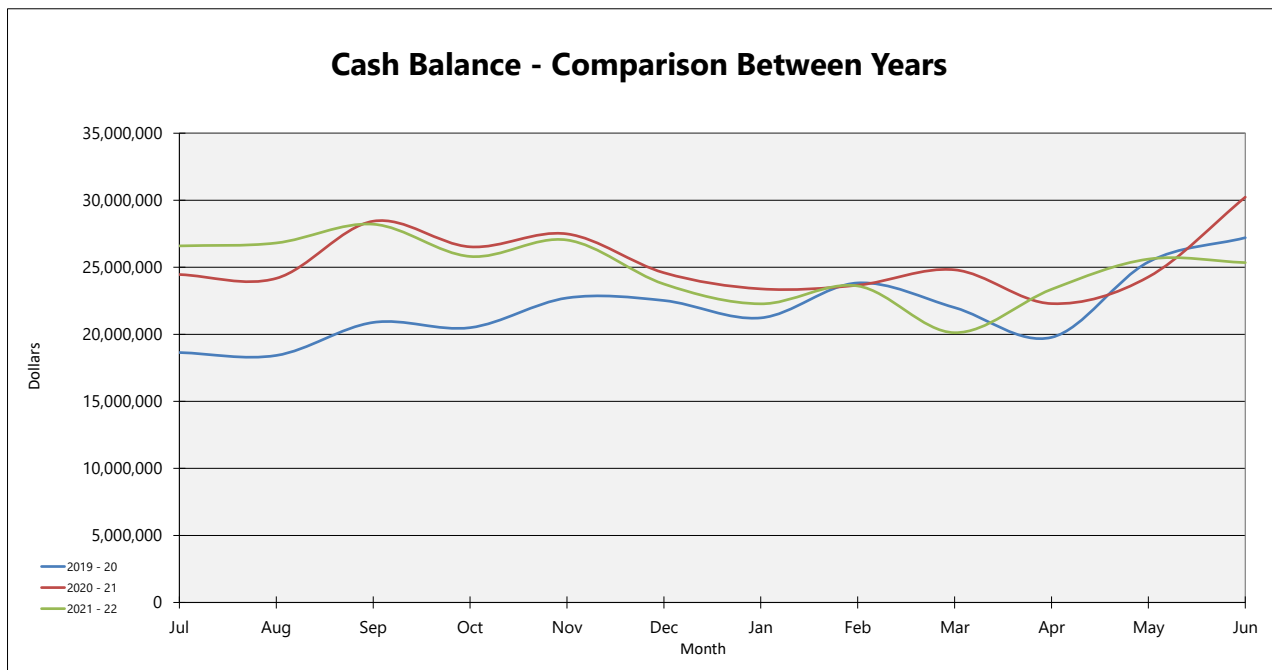
Capital & Project Expenditure Summary as at 30 June, 2022

Capital and Projects	Forecast	Adopted Budget	Variation
02 - Capital			
1112 - B - Roads - Aerodrome Program	656,530	300,000	356,530
1101 - B - Roads - Final Seal Program	403,607	323,607	80,000
1110 - B - Roads - Footpaths Program	629,599	408,100	221,499
1100 - B - Roads - Kerb & Channel Program	563,017	228,750	334,267
1102 - B - Roads - Major Rural Roads Program	398,000	398,000	0
1104 - B - Roads - Resealing Program	1,269,238	1,198,400	70,838
1105 - B - Roads - Resheeting Program	939,464	939,464	0
1106 - B - Roads - Rural & Residential Program	320,544	240,000	80,544
1111 - B - Roads - Streetscapes	976,568	540,387	436,181
1107 - B - Roads - Town Street Sealing Program	82,000	82,000	0
1108 - B - Roads - Transport Dev Program	797,337	408,000	389,337
1109 - B - Roads - Urban Rd Improvement Program	175,000	82,000	93,000
1103 - B - Roads - Rehabilitation Program	373,619	252,000	121,619
1113 - C - Bridge & Major Culverts Program	2,190,166	1,028,120	1,162,046
1114 - C - Floodway Program	31,000	21,000	10,000
1115 - D - Building Program	5,985,623	3,496,000	2,489,623
1116 - E - Drainage Program	352,283	164,250	188,033
1122 - F - Open Spaces Program	5,234,842	4,087,500	1,147,342
1120 - G - Land & Land Improvement Program	1,260,000	600,000	660,000
1118 - H - Plant, Vehicles & Equipment Program	974,885	810,000	164,885
1121 - J - Projects	933,041	40,000	893,041
Grand Total	24,546,363	15,647,578	8,898,785

Capital & Project Revenue Summary as at 30 June, 2022

Capital and Projects	Forecast	Adopted Budget	Variation
02 - Capital			
1112 - B - Roads - Aerodrome Program	(360,000)	(300,000)	60,000
1101 - B - Roads - Final Seal Program	(157,000)	(157,000)	0
1110 - B - Roads - Footpaths Program	(371,200)	(194,100)	177,100
1104 - B - Roads - Resealing Program	(880,000)	(880,000)	0
1105 - B - Roads - Resheeting Program	(520,984)	(520,984)	0
1111 - B - Roads - Streetscapes	(425,387)	(425,387)	0
1108 - B - Roads - Transport Dev Program	(204,000)	(204,000)	0
1103 - B - Roads - Rehabilitation Program	(140,000)	(140,000)	0
1113 - C - Bridge & Major Culverts Program	(377,500)	(150,000)	227,500
1114 - C - Floodway Program	(10,000)	(10,000)	0
1115 - D - Building Program	(3,231,000)	(1,571,000)	1,660,000
1116 - E - Drainage Program	(88,000)	(88,000)	0
1122 - F - Open Spaces Program	(5,876,719)	(3,550,500)	2,326,219
1120 - G - Land & Land Improvement Program	(600,000)	(400,000)	200,000
1121 - J - Projects	(98,000)	0	98,000
Grand Total	(13,339,790)	(8,590,971)	4,748,819

Cash and Investments as at 30 June, 2022



Total Cash Balance at Month End

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019 - 20	18,642,143	18,424,373	20,885,437	20,496,673	22,711,437	22,520,759	21,226,659	23,831,676	21,993,073	19,771,946	25,394,596	27,206,212
2020 - 21	24,458,405	24,173,971	28,436,358	26,525,969	27,490,366	24,592,324	23,388,847	23,663,702	24,811,535	22,290,630	24,280,838	30,230,677
2021 - 22	26,594,594	26,813,020	28,211,375	25,807,441	27,033,930	23,750,045	22,274,406	23,607,188	20,121,050	23,354,913	25,609,380	25,346,744

Restricted Cash required as at 30 June, 2022

\$ 5,681,000

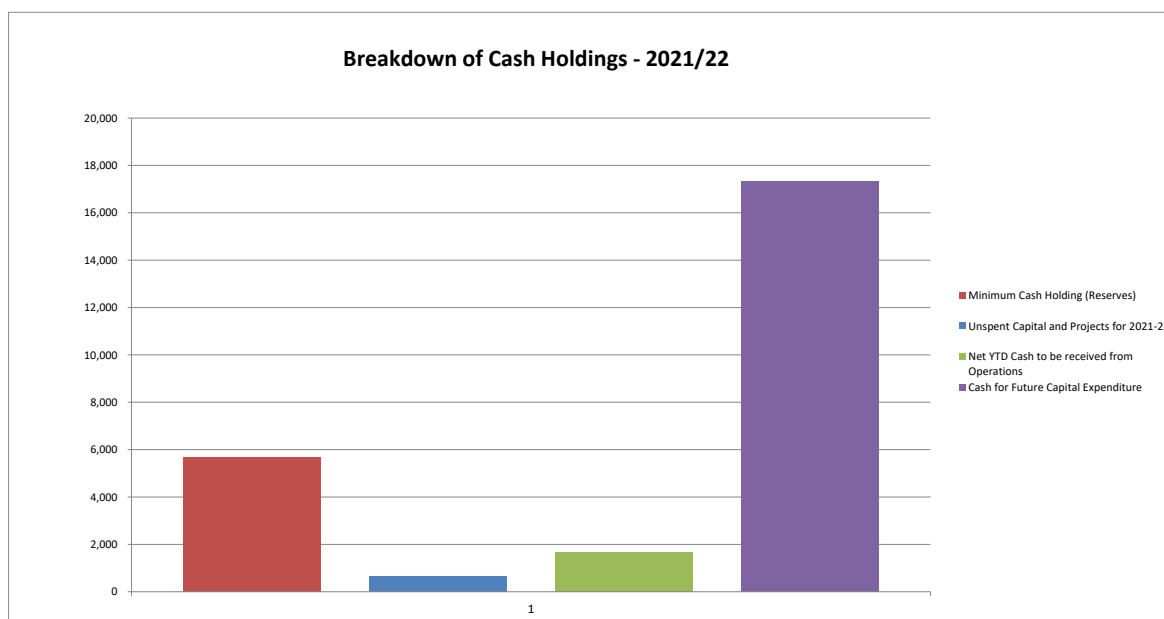
Available Cash as at 30 June, 2022

\$ 19,665,744

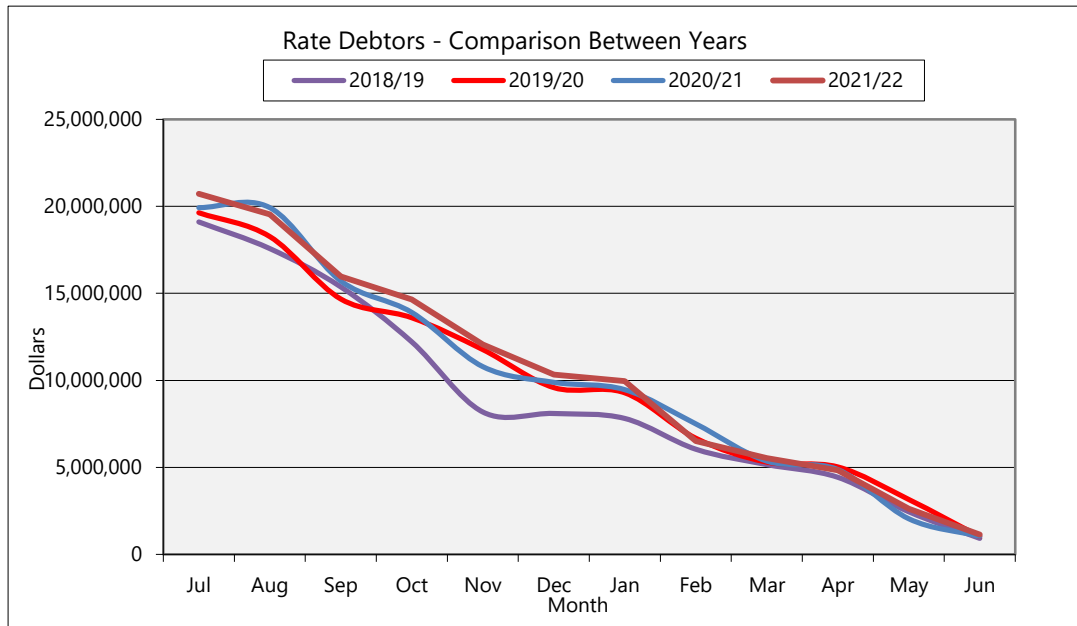
\$ 25,346,744

Breakdown of Cash Holdings

	\$000's
Minimum Cash Holding (Reserves)	5,681
Cash for Future Capital Expenditure	17,354
Unspent Capital and Projects for 2021-22	663
Net YTD Cash to be received from Operations	1,649
Total Cash held as at 30 June, 2022	25,347



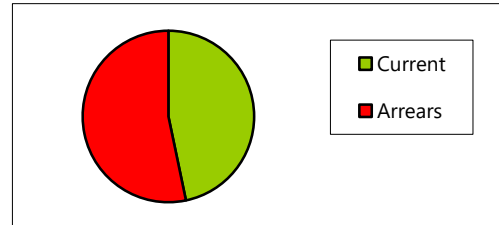
Debtors Reports as at 30 June, 2022



Rates Debtors YTD

Current
Arrears
Total

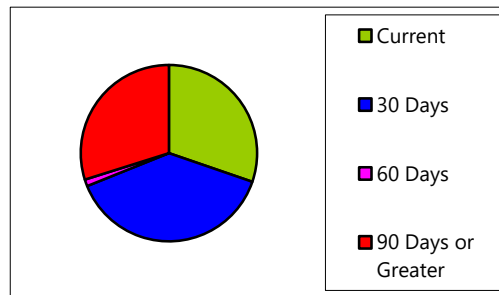
\$	%
532,022	47%
606,784	53%
1,138,806	100%



Sundry Debtors YTD

Current
30 Days
60 Days
90 Days or Greater
Total

\$	%
254,509	30.3%
324,927	38.6%
10,436	1.2%
251,010	29.9%
840,882	100%



Details:

Current	GST refund from ATO (\$254K)
30 days	Department of Families, Farness & Housing for pension concession reimbursements (\$97.6K), Department of Jobs, Precincts and Regions for Moyston-Great Western Bridge Replacement Project (\$142K - paid in July), Department of Transport - Sloane St Pedestrian Crossings (\$27.5K)
60 days	Majority of the outstanding balance has been paid since month end.
90 Days or Greater	Balances outstanding on several sundry debtors including \$61k due from Stawell Cemeteries and \$180k for road upgrade funding from the Department of Transport which has subsequently been paid in August 22.

Loan Report - Budget 2021/22

Borrowing Principles:

Indebtedness

Our level of debt will not exceed 60% or \$11.3 million of rates and charges revenue.

Indebtedness Calculation Check 6% ✓

Debt Servicing Costs

Our level of annual debt servicing costs (principal plus Interest) will not exceed 5% or \$2.1 million of our total operating revenue.

Debt Servicing Calculation Check 3% ✓

Loans Budgeted 2021/22

Principal

	\$000's
Loans Outstanding as at 30 June, 2021	2,189
Add proposed new loans 2021/22	-
Less Scheduled Repayments 2021/22	(1,092)
Loans Outstanding as at 30 June, 2022	1,097

Expiry of Existing Loans

	Expiry	Current Balance \$000's
Loan 16	Jun-23	97
Loan 20	Jun-26	1,000
		1,097

Financial Reserves Policy



September 2022







Northern Grampians Shire Council
LIVE | WORK | INVEST | VISIT

CONTACT US

-  ngshire@ngshire.vic.gov.au
-  www.ngshire.vic.gov.au
-  (03) 5358 8700
-  PO Box 580 Stawell VIC 3380

CONNECT WITH US

-  facebook.com/ngshire
-  [@ngshire](https://twitter.com/ngshire)
-  [@northerngrampiansshire](https://www.instagram.com/northerngrampiansshire)
-  #ngshire #liveworkinvestvisit #wandervictoria

Financial Reserves Policy



Council Policy

Responsible director	Director Corporate Services
Responsible officer	Manager Financial Services
Functional area	Financial Services
Date adopted by Council	TBC
Review date	October 2024

Purpose

The purpose of this policy is to outline Council's commitment to the creation and maintenance of financial reserves to record future commitments for specific purpose expenditures. The policy will provide a rationale for the purpose of financial reserves and detail how the reserves funds will be increased and decreased.

Background

Reserves are created where surplus operating cash is put to one side to be allocated to future expenditures. Reserves are not mandated but if they exist the cash held in the reserves is required to be available for its specified use.

Scope

This policy applies to Council and Council employees who make decisions regarding financial reserves.

This policy excludes the Asset Revaluation Reserve that arises under the Australian Accounting Standards because it relates to the change in asset values rather than the collection of funds.

Policy Objective

The objective of this policy is to ensure the sustainable and responsible management of Council's cash balances and financial reserves. The policy provides direction regarding the creation, management and use of Reserves.

Policy

Council will set aside funds in the reserves with amounts to be decided during the annual budget process and at any other time by Council, with the amounts to be transferred accordingly.

During the annual budget process Council outlines the expected transfers to reserves and transfers from reserves. These transactions will be in line with this policy. However, if that purpose does not eventuate or Council changes its priorities the funding can be diverted to other purposes subject to Council approval.

The following are reserves currently used by Council and specifies their purpose and conditions around annual movements:

Reserve name and purpose	Council transfers to the reserve	Council transfers from the reserve
<p>Development Reserve: The Development Reserve is used to assist with Social infrastructure Capital initiatives that Council wishes to financially support. Social infrastructure is defined as:</p> <ul style="list-style-type: none"> • Community and sports facilities • Support for housing developments • Local Government facilities • Infrastructure to support the use of recreational water 	<p>Annually an amount determined during the budget process as income from revenue in lieu of rates, generally raised through renewable energy projects and the sale of Council properties</p>	<p>The investment in social infrastructure and community assets during the financial year and as determined by the annual budget process</p>
<p>Gravel Pits Restoration: The gravel pits restoration reserve was previously utilised for the future rehabilitation of gravel pits. No further funding is now added into this reserves and instead it is used to provide for the existing rehabilitation of the pits.</p>	<p>No new funds are transferred to this reserve</p>	<p>The cost of spending on rehabilitation of the pits decreases this reserve</p>
<p>Community/Heritage Loan Reserve: The Community/Heritage Loan Reserve is used to provide low interest loans for community groups or heritage streetscapes in retail precincts in our towns, to enable repair and maintenance of those streetscapes with the aims of quality appearance and public safety.</p> <p>The amount available for lending is restricted to \$150,000.</p>	<p>Movements are reflected by repayments of loan balances</p>	<p>Lending made under the Community Loans Policy whereby the cumulative effect is restricted to \$150,000</p>
<p>Waste Program Reserve: The waste program reserve is used to assist with the cost of strategic projects, compliance and long term planning for Council's landfills, transfer stations and waste management responsibilities.</p>	<p>Annually any surplus of revenue raised in any one year less the operating costs of providing the waste service</p>	<p>The cost of strategic projects, compliance and long-term planning within Council landfills, transfer stations and capital investments specifically related to waste management</p>
<p>Long Service Leave Reserve: The long service leave reserve is used to assist with the funding for employee's long service leave payments. The reserve is based on 10% of Current Employee Benefits Liability.</p>	<p>As determined by current employee provisions at the end of each financial year</p>	<p>As determined by current employee provisions at the end of each financial year</p>

<p>Defined Benefit Reserve: The defined benefit reserve is used to assist with the funding of any call that may be made on Council as a result of a shortfall in the defined benefit superannuation entity.</p> <p>The reserve is currently capped at \$300,000.</p>	<p>Annually an amount determined during the budget processes sufficient to fund potential future calls by the superannuation authority in relation to unfunded superannuation liability.</p> <p>Any annual assessment of the Vested Benefit Index (VBI) falling below 100% will trigger a review of the capped balance.</p>	<p>Any funds required to finance a call made upon Council by the superannuation authority. A reduction in funds as a result of the Vested Benefit Index (VBI) raising well above 100%</p>
<p>Loan Repayment Reserve: The loan repayment reserve is used to set aside funds for the repayment of the interest only loans.</p>	<p>Annually an amount determined during the budget processes for future repayments and any additional interest only loans obtained by Council</p>	<p>Any funds required to finance the repayment of the principal on the due dates of the outstanding interest only loans</p>
<p>Stawell Gift Reserve: The Stawell Gift reserve is used to set aside funds for the annual contribution towards the event delivery costs of the Stawell Gift.</p>	<p>As determined by the State Government funding agreement between The State of Victoria, Stawell Athletic Club Inc and Northern Grampians Shire Council</p>	<p>As determined by the milestones set within the signed funding agreement between The State of Victoria, Stawell Athletic Club Inc and Northern Grampians Shire Council</p>

Legislation and Standards

There is no specific legislative requirement to maintain internally restricted financial reserves, however internally restricted cash is disclosed in the financial report.

Responsibilities

The Manager Financial Services is responsible for the review and management of this policy.

Review

Assessment of the policy will be undertaken every four years to align with the Council term to ensure it remains current with the Council's goals, processes, aims and requirements and as a means by which to reduce Council's exposure to risk. Triggers for an earlier assessment include legislative changes and introduction of new systems or procedures.

Communication and implementation

Community Organisation Application for Loan Funding
InfoXpert (EDRMS)

References

Nil

Compliance

Nil

Privacy and Data Protection compliance

All Council policies must consider the *Privacy and Data Protection Act 2014* and the *Victorian Protective Data Security (VPDSS) Standards* which adopt a risk-based approach to protective data security. Policies must include, where relevant, identified security risks and governance arrangements in place to protect security across the domains of information, personnel, ICT and physical.

Gender Equality compliance

As required under Part 3 of the *Gender Equality Act 2020*, officers have completed a gender impact assessment as the policy impacts the public. Gender impact assessments assess the effects that the policy may have on people of different genders to ensure the policy better supports Victorians of all genders.

Charter of Human Rights compliance

It is considered that this policy does not impact on any [human rights](#) identified in the *Charter of Human Rights & Responsibilities Act 2006*.

Definitions

Nil

Review history

Date	Review details	Action
09/09/19	Presented to Audit Committee	Recommend to Council
30/09/19	Reported to Councillor Briefing	
07/10/19	Reported to Council Meeting	Adopted by Council
04/03/19	New reserve created for Stawell Gift - presented to Audit Committee	
14/09/22	Presented to Audit and Risk Committee	