



FINANCIAL REPORT

FINANCIAL STATEMENTS AND
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

GLEN EIRA CITY COUNCIL
ANNUAL REPORT
2020–2021

BENTLEIGH • BENTLEIGH EAST • BRIGHTON EAST • CARNEGIE • CAULFIELD • ELSTERNWICK
GARDENVALE • GLEN HUNTLY • MCKINNON • MURRUMBEENA • ORMOND • ST KILDA EAST



GLEN EIRA
CITY COUNCIL

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In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014* (as per the transitional provisions of the *Local Government Act 2020*), Australian Accounting Standards and other mandatory professional reporting requirements.



John Vastianos (B.Com., GradCertMgt., FCPA, GAICD)

Principal Accounting Officer

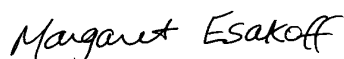
Dated: 31 August 2021

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield

In our opinion, the accompanying Financial Statements of the Glen Eira City Council for the year ended 30 June 2021 presents fairly the financial transactions of Council, and the financial position of the Council as at that date.

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

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



Margaret Esakoff

Mayor

Dated: 31 August 2021

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Jim Magee

Deputy Mayor

Dated: 31 August 2021

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Rebecca McKenzie

Chief Executive Officer

Dated: 31 August 2021

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Independent Auditor's Report

To the Councillors of Glen Eira City Council

Opinion	<p>I have audited the financial report of Glen Eira City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial report. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
7 September 2021



Sanchu Chummar

as delegate for the Auditor-General of Victoria

Comprehensive Income Statement
for the year ended 30 June 2021

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	Notes	2021 \$ '000	2020 \$ '000
Income			
Rates and charges	3.1	120,178	113,536
Statutory fees and fines	3.2	4,413	10,727
User fees	3.3	12,503	20,617
Grants — operating	3.4	29,252	22,514
Grants — capital	3.4	5,554	4,658
Other income	3.5	1,254	3,086
Contributions — monetary	3.6	5,804	8,708
Total income		178,958	183,846
Expenses			
Employee costs	4.1	83,942	76,867
Materials and services	4.2	58,838	59,748
Depreciation	4.3	24,060	23,766
Amortisation — intangible assets	4.4	787	685
Amortisation — right of use assets	4.5	1,007	804
Net loss on sale/disposal of property, infrastructure, plant and equipment	4.6	1,129	755
Borrowing costs	4.7	313	430
Finance costs — leases	4.8	191	180
Other expenses	4.9	5,944	9,412
Share of net loss of joint operations	6.1	2,231	254
Total expenses		178,442	172,901
Surplus for the year		516	10,944
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	9.1 (a)	245,456	32,345
Total comprehensive result		245,972	43,289

The above Comprehensive Income Statement should be read in conjunction with the accompanying notes.

	Notes	2021 \$ '000	2020 \$ '000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	34,236	74,174
Other financial assets	5.1 (b)	30,000	13,563
Trade and other receivables	5.1 (d)	19,225	13,490
Other assets	5.2 (a)	1,970	1,313
Total current assets		85,431	102,539
Non-current assets			
Other financial assets	5.1 (b)	5	5
Investments in joint operations	6.1 (a)	146	604
Property, infrastructure, plant and equipment	6.2	2,499,881	2,248,245
Right-of-use assets	5.8	3,405	3,850
Intangible assets	5.2 (b)	2,822	2,629
Total non-current assets		2,506,259	2,255,334
Total assets		2,591,690	2,357,873
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	(14,434)	(18,634)
Trust funds and deposits	5.3 (b)	(30,195)	(40,405)
Unearned income	5.3 (c)	(4,515)	(1,034)
Provisions	5.5	(16,658)	(15,687)
Interest-bearing liabilities	5.4	(3,806)	(3,687)
Lease liabilities	5.8	(1,181)	(1,028)
Total current liabilities		(70,789)	(80,475)
Non-current liabilities			
Provisions	5.5	(1,398)	(1,337)
Interest-bearing liabilities	5.4	(3,811)	(7,617)
Lease liabilities	5.8	(2,452)	(2,949)
Investments in joint operations	6.1 (b)	(4,176)	(2,403)
Total non-current liabilities		(11,837)	(14,306)
Total liabilities		(82,626)	(94,781)
Net assets		2,509,064	2,263,092
Equity			
Accumulated surplus		966,051	967,600
Reserves	9.1	1,543,013	1,295,492
Total equity		2,509,064	2,263,092

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 30 June 2021

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2021	Notes	Total	Accumulated surplus	Public open space reserve	Asset revaluation reserve
		\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year		2,263,092	967,600	24,195	1,271,297
Surplus for the year		516	516	-	-
Net asset revaluation increment	9.1(a)	245,456	-	-	245,456
Transfers to public open space reserve	9.1(b)	-	(5,804)	5,804	-
Transfers from public open space reserve	9.1(b)	-	3,739	(3,739)	-
Balance at the end of the financial year		2,509,064	966,051	26,260	1,516,753

2020	Notes	Total	Accumulated surplus	Public open space reserve	Asset revaluation reserve
		\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year		2,219,803	962,267	18,584	1,238,952
Surplus for the year		10,944	10,944	-	-
Net asset revaluation decrement	9.1(a)	32,345	-	-	32,345
Transfers to public open space reserve	9.1(b)	-	(8,707)	8,707	-
Transfers from public open space reserve	9.1(b)	-	3,096	(3,096)	-
Balance at the end of the financial year		2,263,092	967,600	24,195	1,271,297

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

	Notes	2021 inflows/ (outflows) \$ '000	2020 inflows/ (outflows) \$ '000
Cash flows from operating activities			
Rates and charges		116,336	111,130
Statutory fees and fines		4,413	10,727
User fees		11,510	23,066
Other receipts		1,108	1,891
Grants — operating		29,635	22,548
Grants — capital		8,652	5,658
Contributions — monetary		5,804	8,708
Interest received		230	1,959
Trust funds and deposits taken		798	15,268
Net GST refund		7,788	8,290
Employee costs		(87,163)	(77,615)
Materials and services		(68,372)	(71,895)
Short-term, low value and variable lease payments	5.8	(7)	(197)
Trust funds and deposits repaid		(11,010)	(11,795)
Other payments		(5,992)	(7,260)
Net cash provided by operating activities	9.2	13,730	40,483
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(32,330)	(34,782)
Proceeds from sale of property, infrastructure, plant and equipment		191	387
Proceeds from other financial assets		13,563	53,153
Payments for other financial assets		(30,000)	(13,563)
Net cash used in investing activities		(48,576)	5,195
Cash flows from financing activities			
Finance costs		(308)	(425)
Repayment of borrowings		(3,687)	(3,553)
Interest paid — lease liability		(191)	(180)
Repayment of lease liabilities		(906)	(677)
Net cash used in financing activities		(5,092)	(4,835)
Net (decrease) / increase in cash and cash equivalents		(39,938)	40,843
Cash and cash equivalents at the beginning of the financial year		74,174	33,331
Cash and cash equivalents at the end of the financial year		34,236	74,174
Financing arrangements	5.6		
Restrictions on cash assets	5.1(c)		

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

	2021 \$ '000	2020 \$ '000
Property		
Land	3,271	-
Buildings	9,018	10,656
Total property	12,289	10,656
Plant and equipment		
Plant, machinery and equipment	1,935	1,857
Computers and telecommunications	1,510	2,256
Library books, materials and equipment	702	919
Other plant and equipment	531	1,712
Total plant and equipment	4,678	6,744
Infrastructure		
Roads	6,067	6,198
Footpaths	2,266	2,268
Drainage	2,548	3,973
Open space and recreation	3,517	6,647
Car parks	71	931
Streetscape works	1,047	1,887
Total infrastructure	15,516	21,904
Total new capital works expenditure	32,483	39,304
Represented by:		
Asset renewal expenditure	13,813	15,050
Asset upgrade expenditure	7,681	13,544
Asset expansion expenditure	2,526	2,695
New asset expenditure	8,463	8,015
Total capital works expenditure	32,483	39,304

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

The total capital works figures above includes expenditure on new capital works projects and carry forward projects from previous financial year.

Overview

Introduction

Glen Eira City Council was established by an Order of the Governor in Council on 15 December 1994 and is a Body Corporate. Council's main office is located at the corner Glen Eira and Hawthorn Roads, Caulfield, Victoria.

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 (AASs), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

(b) Impact of Covid-19

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, known as coronavirus. A state of disaster was subsequently declared on 2 August 2020. The state of emergency and state of disaster are still in place as at 30 June 2021.

Council's 2020-21 operating result and capital works budgets have been significantly impacted by COVID-19. Some business areas were severely restrained such as our Libraries and Learning Centres and Glen Eira Leisure due to forced closures directed by Chief Health Officer Directives. Council continues to monitor the situation for further impacts and opportunities in the coming year.

To support the Glen Eira community, Council endorsed a Response and Recovery Package totalling \$8.9m adopted on the 7th April 2020 and was further developed during 2020-21. This package provided immediate financial relief to those most at risk and to mitigate the impact of COVID-19 on the health and wellbeing of residents, particularly those more vulnerable, and those already experiencing disadvantage. The package also provided immediate and ongoing support to local businesses local community groups and sporting clubs and contribute to their ongoing viability post COVID-19.

(i) Additional revenue (offset by expenditure)

Council was successful in receiving the following additional revenue:

- Outdoor Eating and Entertainment Package to support hospitality businesses prepare for COVID normal re-opening across Victoria - \$500k (round 1) and \$250k (round 2).
- Working for Victoria Fund to support Victorian workers impacted by coronavirus - \$6.61m.
- Local Roads and Community Infrastructure Program (Phase One \$381k and Two \$2.2m).
- *Local Government Business Concierge and Hospitality Support Program* \$120k.
- COVID Relief Program \$40k.

(ii) Revenue reductions

- Fees from Glen Eira Leisure services were reduced by \$6.4m due to forced closures.
- Reduction on interest on investments due to the low interest rate environment.

(iii) Revenue forgone in response to the pandemic

- deferring payment of rate debt accumulated from 16 March 2020 and 30 June 2021 for any ratepayer experiencing financial hardship and no interest charged; rate debtors increased by \$3.5m over the course of the year.
- rent relief for community tenants and sporting clubs.
- refund / waive Food Act and Public Health and Wellbeing Act registrations for existing and new businesses.
- cease following up unpaid animal registrations until the COVID-19 crisis has passed.
- refund and waivers of footpath trading permits.
- waiver of utility costs that Council on-charges to sporting club tenants in Council sporting pavilions.
- relaxation of parking restrictions and enforcement for essential goods pick-ups in and around activity centres. Parking income reduced by \$6.6m.

(iv) New costs and services

- small business support grants to assist businesses move online and assist our community.
- community grants for not-for-profit and charitable organisations to assist the community during the crisis and to re-establish operations on the other side of the COVID-19 crisis.
- pandemic prevention expenses associated with COVID-19 including: personal protective equipment and clothing, cleaning materials such as: sanitisers, gloves, cleaning products and other prevention materials - an increase of \$1.4m.
- webinars for local businesses and traders to adapt business operations and maximise opportunities during the COVID-19 crisis.
- online business recovery webinars.
- community Groups assistance program including counselling and financial support.
- online Glen Eira Leisure physical activity and wellbeing programs.
- emergency food packages, including delivered meals.
- business assistance program including counselling and financial support.

Additional COVID-19 impacts are included in the relevant notes throughout the Financial Report.

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its *Annual Budget*, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has generally adopted a materiality threshold of the lower of 10 per cent and \$1m 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 30 June 2020. The *Budget* was based on assumptions that were relevant at the time of adoption of the *Budget*. Council sets guidelines and parameters for revenue and expense targets in this 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 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure	Budget 2021 \$ '000	Actuals 2021 \$ '000	Variance 2021 \$ '000	Variance 2021 %	Ref
Income					
Rates and charges	119,955	120,178	223	0%	
Statutory fees and fines	6,252	4,413	(1,839)	(29%)	(a)
User fees	18,998	12,503	(6,495)	(34%)	(b)
Grants — operating	20,926	29,252	8,326	40%	(c)
Grants — capital	6,215	5,554	(661)	(11%)	(d)
Other income	3,229	1,254	(1,975)	(61%)	(e)
Contributions — monetary	6,600	5,804	(796)	(12%)	
Total income	182,177	178,958	(3,219)	(2%)	
Expenses					
Employee costs	79,030	83,942	(4,912)	(6%)	(f)
Materials and services	63,391	58,838	4,553	7%	(g)
Depreciation	24,853	24,060	793	3%	
Amortisation — intangible assets	738	787	(49)	(7%)	
Amortisation — right of use assets	761	1,007	(246)	(32%)	
Net loss on sale/disposal of property, infrastructure, plant and equipment	1,258	1,129	129	10%	
Borrowing costs	330	313	17	5%	
Finance costs — leases	176	191	(15)	(9%)	
Other expenses	6,278	5,944	334	5%	(h)
Share of net loss of joint operations	-	2,231	(2,231)	(100%)	(i)
Total expenses	176,815	178,442	(1,627)	(1%)	
Surplus for the year	5,362	516	(4,846)	(90%)	

Note 1 Performance against budget (continued)

Explanation of material variations — comprehensive income statement	
Variance reference	Explanation
(a) Statutory fees and fines	<p>— relate mainly to fees and fines levied in accordance with legislation and include animal registrations, health act registrations and parking fines.</p> <p>The unfavourable variance of \$1.84m is mostly due to lower than anticipated revenue from parking infringements across the municipality (\$1.8m). This was due to relaxation of parking restrictions and enforcement for essential goods pick-ups in and around activity centres due to COVID-19.</p>
(b) User Fees	<p>— are unfavourable to budget by (\$6.5m) mainly due to:</p> <ul style="list-style-type: none"> (i) government mandated COVID-19 closures for Glen Eira Leisure (\$3.72m) due to extended restrictions; (ii) reduced fees received from Family Day Care and Early Learning Centres (\$1.19m) to support families during the pandemic (this is partially offset by increased subsidies received); (iii) lower than budgeted occupancy at Residential Aged Care facilities and closure of Spurway Community in April 2021 (\$1.06m); and (iv) council initiatives in response to the pandemic including waivers for footpath permits and other areas.
(c) Grants — operating	<p>— are favourable by \$8.33m mainly due to:</p> <ul style="list-style-type: none"> (i) Working for Victoria Initiative - Council was successful in applying for a grant of \$6.6m with the Department of Jobs, Precincts and Regions to carry out a project through the Working for Victoria Fund. The aim of the Fund was to match displaced workers with casual and short-term employment opportunities. Employees in these positions supported delivery of critical community services to support the government coronavirus (COVID-19) response. (ii) Victorian Grants Commission funding - The Commonwealth Government announcement that part of Council's Grant Commission funding would be prepaid in 2020-21. 50 per cent of the 2021-22 grants was received for financial assistance and local roads funding during the 2020-21 financial year of \$2.01m. The Commission allocates funds in two streams – general purpose grants and local roads funding. All of the funds allocated by the Commission are distributed on a formula basis. (iii) Family Day Care and Early Learning Centres - subsidy funding of these services was higher than budgeted by \$822k. This is offset by reduced user fee income above. (iv) Council received \$500k from the Local Councils Outdoor Eating and Entertainment package to support hospitality businesses prepare for COVID Normal re-opening across Victoria. (v) Offsetting these favourable variances is less than anticipated funding from Aged Care Funding Instrument (ACFI) for residential aged facilities of \$1.53m due to vacant beds during the 2020-21 year.

Note 1 Performance against budget (continued)

Explanation of material variations — comprehensive income statement

Variance reference	Explanation
	<p>(d) Grants — capital — Includes all monies received from State, Federal and community sources for the purposes of funding the capital works program. These were unfavourable to budget by \$661k due to grants budgeted this year that are now expected to be received in 2021-22 including:</p> <ul style="list-style-type: none"> (i) \$3m for Murrumbeena Hub, (ii) \$325k for Bentleigh Eat Street Plaza; and (iii) \$423k for Road safety. <p>Offsetting these are unbudgeted grants successfully applied for and received during the year including:</p> <ul style="list-style-type: none"> (i) <i>Living Libraries Program</i> \$1m for the redevelopment of Bentleigh Library; (ii) Local Roads and Community Infrastructure Program \$381k (iii) Local Sports Infrastructure Program \$468k; (iv) Caulfield Station Precinct \$200k; and (v) Other grants across recreation and open space projects \$439k.
	<p>(e) Other income — Unfavourable variance of \$1.98m relates to decreased interest income (\$1.31m) due to lower than anticipated interest rates and lower cash balances. Reimbursement income for maintenance associated with level crossings was delayed; to be received in 2021-22 (\$400k).</p>
	<p>(f) Employee costs — This includes all labour related expenditure and on-costs such as allowances, leave entitlements, employer superannuation and Worksafe. Employee costs are overspent by \$4.91m due mainly to:</p> <ul style="list-style-type: none"> (i) Working for Victoria Fund employee costs \$5.18m (fully grant funded); (ii) Residential Aged Care - unfavourable by \$2.86m. During the COVID-19 pandemic additional resources were required to meet Chief Health Officer directions for Residential Aged Care facilities. <p>Offsetting these unfavourable variances were the following:</p> <ul style="list-style-type: none"> (i) reduced staffing costs in community aged care due to reduced demand for personal care services during the pandemic of \$1.16m; (ii) reduced parks staff costs due to pandemic restrictions of \$943k; (iii) worksafe premium savings of \$184k; and (iv) other savings are due to staff vacancies across business units.

Note 1 Performance against budget (continued)

Explanation of material variations — comprehensive income statement

Variance reference	Explanation
	<p>(g) Materials and services — This includes expenditure on materials, contracts and services, maintenance, insurance and utilities. Materials and Services is favourable by \$4.55m mainly due to:</p> <ul style="list-style-type: none"> (i) savings in utilities, materials and consumables purchased during the COVID-19 pandemic due to building and service closures \$2.33m. This included electricity, gas, stationery, fuel, printing and postage; (ii) lower than anticipated spend on training and development \$477k; (iii) reduced contractor spend of \$1.78m. This includes: <ul style="list-style-type: none"> - Waste expenses due to changes in household waste behaviour \$791k; - Planning work unable to be completed during the pandemic \$622k; - Libraries and Arts and Cultural programs \$298k; and (iv) savings in building maintenance costs due to building closures during the pandemic \$906k. <p>These are offset by unbudgeted materials and services for the Working for Victoria initiative of \$1.29m, which was fully grant funded.</p>
	<p>(h) Other expenses — are favourable to budget by \$334k representing savings across the organisation where programs were impacted by the pandemic including planning consultations \$471k, traffic \$353k, leasing expenses \$180k, Council functions and meetings \$176k, and arts and cultural activities \$130k.</p> <p>This is offset by pandemic prevention expenses associated with COVID-19 and includes: personal protective equipment and clothing, cleaning materials such as: sanitisers, gloves, cleaning products and other prevention materials (\$1.7m).</p>
	<p>(i) Share of net loss of joint operations — is unfavourable to budget by \$2.23m.</p> <p>The Joint Venture ceased to operate as a commercial land fill at the end of January 2016, and as such it is no longer able to generate income from ongoing operations to continue to meet obligations under its licence agreement with the EPA for a period of 30 years following closure.</p> <p>The result of the Clayton Landfill Site reflects the completion of the waste filling and the site is undergoing for a program of rehabilitation works that include the construction of a landfill cap over the whole of the landfill. Refer to notes 6.1 and 8.1(e) for further details.</p>

Note 1 Performance against budget (continued)

1.2 Capital works	Budget 2021 \$ '000	Actuals 2021 \$ '000	Variance 2021 \$ '000	Variance 2021 %	Ref
Property					
Land	-	3,271	(3,271)	100%	(j)
Buildings	14,898	7,901	6,997	47%	(k)
Total property	14,898	11,172	3,726	25%	
Plant and equipment					
Plant, machinery and equipment	2,226	1,057	1,169	52%	(l)
Computers and telecommunications	1,512	1,387	125	8%	
Library books, materials and equipment	699	701	(2)	(0%)	
Other plant and equipment	665	479	187	28%	
Total plant and equipment	5,102	3,624	1,478	29%	
Infrastructure					
Roads	4,139	5,080	(942)	(23%)	
Footpaths	2,225	2,257	(32)	(1%)	
Drainage	3,898	2,548	1,349	35%	(m)
Open space	1,792	1,973	(181)	(10%)	
Car parks	41	61	(20)	(47%)	
Streetscape works	3,583	540	3,043	85%	(n)
Total infrastructure	15,678	12,459	3,218	21%	
Total new capital works expenditure	35,678	27,255	8,423	24%	
Carried forward projects from previous year	5,000	5,228	(228)	(5%)	(o)
Total capital works expenditure (including carry forwards)	40,678	32,483	8,195	20%	
Represented by:					
Asset renewal expenditure	14,253	13,813	439	3%	
Asset upgrade expenditure	14,341	7,681	6,660	46%	
Asset expansion expenditure	3,535	2,526	1,009	29%	
New asset expenditure	8,550	8,463	87	1%	
Total capital works expenditure	40,678	32,483	8,195	20%	

Note 1 Performance against budget (continued)

Financial impact of COVID-19

Council's capital works program has been underspent during the year due to the restrictions of COVID-19 impacting the availability of contractors and the nature and timing of work that could be undertaken.

Explanation of material variations — statement of capital works

Variance reference	Explanation
	<p>(j) Land — comprises acquisition of parcels of land.</p> <p>During the year, Council acquired 64 Mackie Road (\$1.66m) and 66 and 66A Mackie Road (\$1.62m) in Bentleigh East. These properties adjoin the Mackie Road Reserve and are in line with Council's <i>Open Space Strategy</i>, which includes Council undertaking a Masterplan review at Mackie Road Reserve.</p> <p>Opportunities have been investigated to incorporate unstructured recreation, and informal facilities into the reserve and improve the overall layout and design. The purchase of these properties will extend the play, recreation and sporting facilities for the community. These acquisitions have been funded by open space contributions.</p>
	<p>(k) Buildings — comprising buildings and building improvements, upgrade and renewal of community facilities; Municipal offices; sports facilities; and pavilions.</p> <p>Buildings were underspent by \$7m mainly due to projects that were incomplete at year end. These include:</p> <ul style="list-style-type: none"> (i) Murrumbeena Community Hub \$3.66m; (ii) Bentleigh Library redevelopment \$1.8m; (iii) Lord Reserve pavilion \$1.5m; and (iv) Carnegie Memorial Swimming Pool \$1.04m. <p>All unspent funds will be carried forward to 2021-22.</p>
	<p>(l) Plant, machinery and equipment — is underspent by \$1.17m due to delays in delivery of ordered fleet (\$790k), plant and new equipment (\$400k) as a result of COVID-19.</p>
	<p>(m) Drainage — is underspent by \$1.35m due to works across the municipality unable to be completed and will be carried forward to the 2021-22 financial year.</p>
	<p>(n) Streetscape works — relates to development and beautification of the municipality's streets and shopping precincts.</p> <p>Streetscapes are under budget by \$3.04m mainly due to the Bentleigh Eat Street Plaza project which was delayed due to COVID-19 (\$2.65m). Funding will be carried forward to the 2021-22 financial year.</p>
	<p>(o) Carried forward expenditure from 2019-20 — relates to projects that were either incomplete or not commenced due to planning issues, weather delays, extended consultation etc.</p> <p>Council approved carried forward projects of \$5.68m in July 2020 of which \$5.23m was spent as at 30 June 2021. It is expected that the remaining \$447k will be spent during the 2021-22 financial year.</p> <p>At the time of adopting the 2020-21 Budget, \$5m was estimated for carried forward amounts for projects.</p>

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2(a) City Management

City Management includes the Chief Executive Office. Other areas include people and culture who manage strategic and operational human resource functions, activities, programs, and strategies. The directorate also includes the transformation and corporate reporting who provides strategic, analytical and customer experience driven services.

Community Wellbeing

Community Wellbeing provides high quality community focused programs, service delivery and communication to residents. Community Wellbeing is comprised of community development and care, family and children services, leisure and recreational services, libraries and arts and residential care.

Corporate Services

Corporate Services provides support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes finance services, information and communication technology, building and property services, procurement, customer service, media and communications, councillor support, governance, legal services and risk management.

Infrastructure and Open Space

Infrastructure and Open Space is responsible for a range of services to support the Glen Eira community by constructing new infrastructure and maintaining existing community assets. These services include recreation and open space, capital works engineering, works depot, parks services and specialist project management and delivery.

Planning, Place and Sustainability

Planning, Place and Sustainability covers development assessments and enforcement, environmental health, local laws, prosecutions, planning policy and strategy, climate and sustainability, and road safety and enforcement.

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

2021	Income	Expenses	Surplus / (deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
City Management *	6,654	12,239	(5,585)	6,654	1,372
Community Wellbeing	27,262	52,121	(24,859)	18,060	195,408
Corporate Services **	109,059	55,009	54,050	8,106	95,436
Infrastructure and Open Space	1,700	21,352	(19,652)	678	2,292,613
Planning, Place and Sustainability ***	34,283	37,721	(3,438)	1,308	6,861
	178,958	178,442	516	34,806	2,591,690
2020	Income	Expenses	Surplus / (deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
City Management	-	5,263	(5,263)	-	1,049
Community Wellbeing	35,084	53,954	(18,870)	18,090	189,097
Corporate Services **	106,017	52,191	53,826	7,640	113,080
Environment and Infrastructure	19,888	39,411	(19,523)	982	2,047,023
Planning and Place	22,857	22,083	774	460	7,624
	183,846	172,902	10,944	27,172	2,357,873

* Includes Working for Victoria Fund (income and expenses).

** Includes depreciation, amortisation, capital grants and share of net loss of joint operations.

*** During 2020-21, the waste management and sustainability business units were transferred from the Infrastructure and Open Space directorate to the Planning, Place and Sustainability directorate. This explains the material movements of income and expenses (2019-20 to 2020-21) between the directorates.

2021
\$ '000

2020
\$ '000

Note 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses Net Annual Value (NAV) as the basis of rating of all properties within the municipal district. For residential properties, NAV is fixed at five per cent of the Capital Improved Value (CIV). For all other properties, the NAV is the current value of a property's net annual rent i.e. gross annual rental less all outgoings — such as land tax, building insurance and maintenance costs, (but excluding Council rates) and is a minimum of five per cent.

The valuation base used to calculate general rates for 2020–21 was \$3,565m (2019–20: \$3,266m). The 2020–21 rate in the dollar was 2.2769 cents (2019–20: 2.2927 cents).

Municipal rates	98,024	95,172
Waste and recycling charges	20,459	17,496
Supplementary rates and rate adjustments	1,695	551
Interest on rates and charges *	-	317

Total rates and charges	120,178	113,536
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The date of the general revaluation of land for rating purposes within the municipality for 2020–21 was 1 January 2020, and the valuation was applied to the rating period commencing 1 July 2020.

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.

* As part of Council's 'COVID-19 Response and Recovery Package', a 'Rates Financial Hardship Policy' was endorsed enabling ratepayers to defer rate payments with no interest charges for late or non-payment from 16 March 2020 to 30 June 2021.

3.2 Statutory fees and fines

Parking infringements *	1,969	8,529
Building and planning fees	1,821	1,695
Property information	256	215
Other statutory fees and fines	206	141
Land information certificates	161	147

Total statutory fees and fines	4,413	10,727
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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 occurs first.

* The reduction in parking infringement income was due to relaxation of parking restrictions and enforcement for essential goods pick-ups in and around activity centres due to COVID-19.

	2021	2020
	\$ '000	\$ '000

Note 3 Funding for the delivery of our services (continued)

3.3 User fees

Glen Eira Leisure services	3,732	10,143
Aged and health services	2,642	3,550
Family and early learning centres	1,462	1,561
Animal registrations and local laws	1,443	1,752
Building and planning services	896	932
Community care and development	701	800
Other user fees and charges	479	373
Road openings and reinstatements	332	357
State Revenue Office — valuation recoupment	241	45
Council facilities hire	217	438
Waste and sustainability	161	164
Parking meter fees	113	298
Maintenance	66	91
Library and learning centres	18	95
Footpath rentals	-	18
Total user fees *	12,503	20,617

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 reduction in user fees across a number of service areas was impacted by forced closures of service areas due to COVID-19 during the financial year.

	2021 \$ '000	2020 \$ '000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	13,984	15,249
State funded grants	20,822	11,923
Total grants received	34,806	27,172
(a) Operating grants		
Recurrent — Commonwealth Government		
Aged care	6,939	7,584
Family and early learning centres	1,888	1,785
Family day care	782	690
Victorian Grants Commission — general purpose *	3,216	3,338
Victorian Grants Commission — local roads *	656	676
Recurrent — State Government		
Community care and development	5,268	4,827
Immunisation	135	138
Libraries and learning centres	990	967
Maternal and child health	1,364	1,167
MetroAccess	-	73
Other recurrent operating grants	81	33
School crossing supervisors	417	451
Senior citizens	80	87
Social support	587	698
Total recurrent operating grants	22,403	22,514
* During the year, the Commonwealth Government announced prepayments of Council's Victorian Grants Commission funding for 2021–22. The amount of \$2.01m (50 per cent of the grant) was received for financial assistance and local roads funding in the 2020–21 financial year.		
Non-Recurrent — State Government		
<i>COVID Relief Program</i>	40	-
<i>Local Government Business Concierge and Hospitality Support Program</i>	120	-
<i>Women Building Surveyors Program</i>	75	-
Working for Victoria Fund	6,614	-
Total non-recurrent operating grants	6,849	-
Total operating grants	29,252	22,514

	2021 \$ '000	2020 \$ '000
3.4 Funding from other levels of government (continued)		
(b) Capital grants		
Recurrent — Commonwealth Government		
<i>Roads to Recovery Program</i>	42	381
Total recurrent capital grants	42	381
Non-recurrent — Commonwealth Government		
Joyce Park Informal Sports Precinct	-	477
<i>Local Roads & Community Infrastructure Program — Jassa Street</i>		
Bentleigh East	381	-
Packer Park sports ground lighting upgrade	30	317
Rosanna Street pathway lighting	50	-
Non-recurrent — State Government		
<i>Active and Socially Connected Schools Program</i>	10	-
Aileen Avenue, Caulfield South - new local park	-	650
Bailey Reserve lighting upgrade	25	-
Bentleigh East Kindergarten upgrade	17	333
Bentleigh laneway improvement works	-	61
Bentleigh Reserve lighting upgrade	-	15
Carnegie community space	100	-
Caulfield Park cricket net multipurpose training facility	130	-
Caulfield Station Precinct structure plan — streamlining for growth	200	-
Centenary Park lighting upgrade	17	-
Community Sports Infrastructure Fund	20	-
Duncan MacKinnon Reserve community fitness facility	127	-
EAT Street Bentleigh Plaza public realm improvement project	-	650
Hodgson Reserve multi-faceted adolescent play space	25	-
King George Reserve Pavilion female friendly facilities redevelopment	-	138
Koornang Park Pavilion upgrade	900	-
<i>Liveable Communities Liveable Waterways Program</i>	40	-
<i>Living Libraries Program - Bentleigh Library</i>	1,000	-
Local councils outdoor eating and entertainment package	500	-
Lord Reserve cricket net multipurpose training facility	27	-
Lord Reserve Pavilion upgrade	900	-
Mackie Road Reserve Pavilion female friendly facilities	83	-
Mckinnon Reserve playspace upgrade	23	-
<i>Moorleigh Village Men's Shed Funding Program</i>	-	80
Murrumbeena Park Pavilion and community hub development	600	1,201
Rosanna Street playground upgrade	150	-
Social Housing Investment Planning	-	40
Tobacco inspection	9	9
Victorian recycling market temporary relief	126	306
Victory Park Pavilion female friendly facilities redevelopment	22	-
Total non-recurrent capital grants	5,512	4,277
Total capital grants	5,554	4,658

	2021 \$ '000	2020 \$ '000
3.4 Funding from other levels of government (continued)		
(c) Unspent grants received on condition that they be spent in a specific manner		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Operating		
Balance at start of year	2,077	1,946
Received during the financial year and remained unspent at balance date	2,009	2,077
Received in prior years and spent during the financial year	(2,077)	(1,946)
Balance at year end	2,009	2,077
Capital		
Balance at start of year	1,300	920
Received during the financial year and remained unspent at balance date	-	1,300
Received in prior years and spent during the financial year	(160)	(920)
Balance at year end	1,140	1,300
3.5 Other income		
Rentals and leases	842	1,033
Interest *	186	1,261
Other income	128	537
Volunteer services — delivered meals	98	108
Licences and permits — grade separation works	-	147
Total other income	1,254	3,086
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.		
* Interest is recognised as it is earned. The reduction in interest is due to the low interest rates on term deposits and low cash balances.		
3.6 Contributions — monetary		
Public open space *	5,804	8,708
Total contributions — monetary	5,804	8,708
Monetary and non-monetary contributions are recognised as revenue when Council obtains control over the contributed asset.		
* Public open space fees received during the year are transferred to other reserves pursuant to section 18 of the <i>Subdivision Act 1988</i> (public open space reserve). Refer to note 9.1(b).		

	Notes	2021 \$ '000	2020 \$ '000
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Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries		65,544	64,520
Superannuation (refer to note 4.1(b))		6,917	6,515
Working for Victoria Fund *		5,179	-
Annual leave		5,832	5,533
Long service leave		1,565	1,826
WorkSafe		410	556
Other employee costs		818	850
Fringe benefits tax		89	192
Total gross employee costs		86,354	79,992
Capitalised salaries	9.2	(2,412)	(3,125)
Total net employee costs		83,942	76,867

During the 2020-21 financial year, there were 27 payroll periods accounted for.

* Relates to the Working for Victoria initiative. The aim of the Fund was to match displaced workers with casual and short-term employment opportunities. Employees in these positions supported delivery of critical community services to support the government coronavirus (COVID-19) response by undertaking activities such as: community outreach and programs, cleaning of public areas, local business support; maintenance of local facilities and administration support. The total cost of the program was \$6.6m which comprised of labour costs and materials and services.

(b) Superannuation

Council made contributions to the following funds:

Defined benefit plans

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	199	191
	199	191

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,044	4,218
Employer contributions to HESTA	846	715
Employer contributions to other funds	1,828	1,391
	6,718	6,324

Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date (accumulation fund)	384	611
	384	611

Summary

Employer contributions paid at reporting date	6,917	6,515
Employer contributions payable at reporting date	384	611

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

	2021 \$ '000	2020 \$ '000
4.2 Materials and services		
Waste management contract services	18,483	17,666
Maintenance	6,478	7,292
Corporate contract services	5,914	5,946
Parks and grounds contract maintenance	4,358	3,667
Utilities	4,185	5,120
Materials and consumables	4,108	5,101
Traffic and parking contract services	2,993	3,213
Other contract services	2,062	2,384
Community wellbeing contract services	1,457	1,728
Working for Victoria Fund *	1,293	-
Agency staff contract services	1,262	1,620
Community grants and subsidies	1,144	1,331
Insurance	1,106	1,067
COVID-19 relief grants **	1,087	325
Training and development	589	929
Election costs ***	533	-
Roads and engineering contract services	529	888
Building and urban planning contract services	516	643
Transformation and corporate reporting contract services	350	553
Costs of outdoor parklets funded by Outdoor Eating and Entertainment Package	336	-
Divestment of residential aged care facilities	55	275
Total materials and services	58,838	59,748

* Relates to costs associated with the Working for Victoria initiative. Employees in these positions supported delivery of critical community services to support the government coronavirus (COVID-19) response by undertaking activities such as: community outreach and programs, cleaning of public areas, local business support; maintenance of local facilities and administration support. Expenses included cleaning costs, tools, equipment and vehicle hire.

** Relates to COVID-19 relief grants for:

- community grants for community-based not-for-profit groups and organisations that service the Glen Eira community; and
- business grants for small business support to increase their capacity to reach existing and new markets through online technology and e-commerce.

*** Council elections were conducted on 24 October 2020 and new Councillors were sworn in on 9 November 2020.

4.3 Depreciation

Infrastructure	14,655	14,116
Plant and equipment	3,916	4,074
Property	5,489	5,576
Total depreciation	24,060	23,766

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

	2021 \$ '000	2020 \$ '000
4.4 Amortisation — intangible assets		
Software	787	685
Total amortisation — intangible assets	787	685
4.5 Amortisation — right of use assets		
Property	858	691
Equipment	149	113
Total Amortisation — right of use assets	1,007	804
4.6 Net loss on sale/disposal of property, infrastructure, plant and equipment		
Proceeds of sale	231	453
Written down value (WDV) of assets disposed (refer to note 6.2)	(854)	(1,075)
Disposal costs for laneway sales	(25)	(42)
Discontinued capital works projects *	(481)	(91)
Total net loss on sale/disposal of property, infrastructure, plant and equipment	(1,129)	(755)
<p>The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer. The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The carrying amount of an asset is derecognised on the disposal of the asset.</p>		
<p>* Relates to the write-off of design/feasibility costs on capital works projects that did not proceed.</p>		
4.7 Borrowing costs		
Interest — borrowings	308	425
Interest — equipment lease	5	5
Total borrowing costs	313	430
<p>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.</p>		
4.8 Finance costs — leases		
Interest — lease liabilities	191	180
Total finance costs	191	180

	2021 \$ '000	2020 \$ '000
4.9 Other expenses		
COVID-19 pandemic prevention expenses *	1,699	312
Bad and doubtful debts **	677	3,836
Other expenses	554	908
Program costs	449	566
Councillors' allowances	364	382
Memberships and subscriptions	329	323
Environmental initiatives	245	90
Leasing	236	322
Advertising	191	215
Court lodgement fees	170	956
Licences and registrations	155	190
Rentals	137	226
Document storage	105	134
Emergency planning costs	86	193
Working for Victoria Fund ***	82	-
Laundry fees	76	117
Animal registrations and levies	74	89
Interest payable on aged care deposits	67	135
VicRoads extracts	19	179
Auditors remuneration		
Internal auditors	131	140
External auditors — VAGO — audit of the Financial Statements, Performance Statement and grant acquittals	67	66
Other auditors remuneration costs	31	33
Total other expenses	5,944	9,412

* Relates to pandemic prevention expenses associated with COVID-19 and includes: personal protective equipment and clothing, cleaning materials such as: sanitisers, gloves, cleaning products and other prevention materials.

** Notwithstanding there has been a significant reduction in bad and doubtful debts, this has been offset by the lower levels of parking infringement income during the year.

*** Relates to costs associated with the Working for Victoria Fund initiative. Employees in these positions supported delivery of critical community services to support the government coronavirus (COVID-19) response by undertaking activities such as: community outreach and programs, cleaning of public areas, local business support; maintenance of local facilities and administration support. Expenses included cleaning costs, tools, equipment and vehicle hire.

	2021	2020
	\$ '000	\$ '000

Note 5 Our financial position

5.1 Financial Assets

(a) Cash and cash equivalents

Cash at bank and on hand	28,232	74,174
Term deposits	6,004	-
Total cash and cash equivalents	34,236	74,174

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

(b) Other financial assets

Current

Term deposits (maturity greater than three months)	30,000	13,563
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Council increased its investment in term deposits to maximise interest returns.

Non-current

MAPS shareholding — at cost *	5	5
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* 5,020 shares were issued on 17 May 1995. These shares are held with MAPS Group Ltd trading as Procurement Australasia Ltd.

Total financial assets	64,241	87,742
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Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(c) Restricted funds

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

Trust funds and deposits (note 5.3(b))	(30,195)	(40,405)
Unearned income (note 5.3(c))	(4,515)	(1,034)
Public open space reserve (note 9.1(b))	(26,260)	(24,195)
Total restricted funds	(60,970)	(65,634)

Total unrestricted cash and cash equivalents	3,266	22,103
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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	10,000	5,000
Total funds subject to intended allocations	10,000	5,000

	2021 \$ '000	2020 \$ '000
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Note 5 Our financial position (continued)

(d) Trade and other receivables

Statutory receivables

Rates debtors *	12,161	8,703
Parking infringement debtors — Council	556	480
Parking infringement debtors — Fines Victoria	9,157	9,267
Provision for doubtful debts — parking infringements	(8,297)	(8,388)
Net GST Receivable	1,513	1,445
Fire services property levy	1,362	979

Non-statutory receivables

Other trade receivables	2,827	1,022
Provision for doubtful debts — other trade receivables	(54)	(18)

Total trade and other receivables	19,225	13,490
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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.

* As part of Council's 'COVID-19 Response and Recovery Package', a '*Rates Financial Hardship Policy*' was endorsed enabling ratepayers to defer rate payments with no interest charges for late or non-payment from 16 March 2020 to 30 June 2021. Council will continue to provide the (no interest charge support) to ratepayers during 2021-22.

(i) Ageing of trade and other receivables

At balance date other debtors representing financial assets were past due but not impaired. The ageing of Council's other trade receivables (excluding statutory receivables) was:

Current (not yet overdue)	2,419	941
Past due by up to 30 days	162	23
Past due between 31 and 180 days	246	58

Total trade and other receivables	2,827	1,022
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(ii) Movements in provisions for doubtful debts

Balance at the beginning of the year	(8,406)	(6,412)
Decrease / (increase) in provisions recognised during the year	55	(1,994)
Balance at end of year	(8,351)	(8,406)

	2021 \$'000	2020 \$'000
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Note 5 Our financial position (continued)

5.2 Non-financial assets

(a) Other assets

Accrued income	51	75
Prepayments	1,919	1,238
Total other assets	1,970	1,313

5.2 (b) Intangible assets

Computer software and licences — at cost	8,987	8,008
Accumulated amortisation	(6,165)	(5,379)
Total intangible assets	2,822	2,629

Movements for the year

Computer software and licences — as at 1 July	2,629	1,845
Additions	980	1,469
Amortisation expense	(787)	(685)
Net book value at 30 June	2,822	2,629

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

Refer note 6.2 table for amortisation period and threshold limit.

	2021 \$'000	2020 \$'000
5.3 Payables		
(a) Trade and other payables		
Trade payables	9,111	12,947
Accrued expenses	5,323	5,687
Total trade and other payables	14,434	18,634
(b) Trust funds and deposits		
Current		
Residential aged care bonds and deposits	6,644	9,234
Refundable deposits	6,093	4,881
Working for Victoria Fund	-	3,000
Fire services property levy	1,794	1,207
COVID-19 business support refunds	161	535
	14,692	18,857
Current — expected to be refundable after 12 months		
Residential aged care bonds and deposits	15,503	21,548
	15,503	21,548
Total trust funds and deposits	30,195	40,405

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 the forfeit.

Purpose and nature of items:

Residential aged care bonds and deposits — relate to resident accommodation bonds and deposits for Council's nursing homes at Warrawee and Rosstown. These amounts are to be refunded (less retention income) when residents leave the facility. Council forecasts that 30 per cent (2019–20: 30 per cent) of residential aged care bonds and deposits will fall due within 12 months after the end of the period.

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

Working for Victoria Fund — Council was a recipient of funding with the Department of Jobs, Precincts and Regions to carry out a project through the Working for Victoria Fund. This was a \$500m fund for Victorian workers impacted by coronavirus (COVID-19). The aim of the Fund was to match displaced workers with casual and short-term employment opportunities.

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

COVID-19 business support refunds — As part of Council's 'COVID-19 Response and Recovery Package', Council provided refunds relating to *Food Act*, *Public Health and Wellbeing Act* and footpath trading fees.

	2021 \$'000	2020 \$'000
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5.3 Payables (continued)

(c) Unearned income

Grants received in advance — operating *	310	34
Grants received in advance — capital **	4,205	1,000
Total unearned income	4,515	1,034

* Operating grants

(i) *Outdoor Eating and Entertainment Package Round 2* (\$250k). The program will include the continuation of the parklet program and includes the installation of five additional parklets, open air dining space in Murrumbeena and Taste of Glenhuntly reactivation campaign.

(ii) *Digital Marketing Literacy Strategy Program* (\$60k). Funding received to deliver a program of work that will assist local businesses across the municipalities of Glen Eira, Boroondara and Stonnington with an overarching Digital Marketing Literacy Training program. The program will cover a broad range of workshops, facilitated training sessions, webinars and hard copy support materials to assist businesses in developing bespoke strategies that can be implemented as a part of their overall business plan objectives with an understanding of the methodology of how a digital strategy can benefit their business.

** Capital grants

(i) *Local Roads and Community Infrastructure Program* (Phase Two) \$2.2m. Phase 2 of the LRCI Program will run from 14 December 2020 to 30 June 2022 with projects required to be physically completed by 31 December 2021. The extension of the LRCI Program is a temporary, targeted stimulus measure responding to the economic impacts of the COVID-19 pandemic.

(ii) Commuter car park upgrades funding (\$1m) from the Department of Transport, for the creation of a new multi-level car park to provide a consolidated precinct parking solution to accommodate relocated car spaces at Elsternwick and Bentleigh. Key elements of this project include: increasing the availability of car parking by reworking existing car parking arrangements over multiple levels. Funding includes: professional fees, design, site audit and due diligence, planning process, geotech service location, further traffic analysis etc.

(iii) *Community Sports Infrastructure Stimulus Program* (Round 2) for the Princes Park Play Space Redevelopment of (\$900k). The new play space will include play equipment, active recreation facilities, imagination and interactive play and shelters, barbecues, drink fountains, seating, etc.

(iv) Caulfield Sports Ground Lighting (\$107k). Funding received to accommodate winter training and improve accessibility and night time use.

	2021 \$'000	2020 \$'000
5.4 Interest-bearing liabilities		
Current		
Borrowings — secured	3,806	3,687
	3,806	3,687
Non-current		
Borrowings — secured	3,811	7,617
	3,811	7,617
Total	7,617	11,304

Borrowings are secured over the General Rates of Council as per section 141 of the *Local Government Act 1989*.

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

Not later than one year	3,806	3,687
Later than one year and not later than five years	3,811	7,617
	7,617	11,304

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 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 the net result over the period of the borrowing using the effective interest method. The classification depends on the nature and purpose of the interest-bearing liabilities. Council determines the classification of its interest-bearing liabilities at initial recognition.

5.5 Provisions

2021	Annual leave	Long service leave	Sick leave	Total
	\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	5,202	11,813	9	17,024
Additional provisions	6,245	1,613	(2)	7,856
Amounts used	(5,329)	(1,517)	-	(6,846)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	22	-	22
Balance at the end of the financial year	6,118	11,931	7	18,056
2020				
Balance at beginning of the financial year	4,527	11,097	10	15,634
Additional provisions	5,585	1,816	(1)	7,400
Amounts used	(4,910)	(1,123)	-	(6,033)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	23	-	23
Balance at the end of the financial year	5,202	11,813	9	17,024
			2021	2020
			\$ '000	\$ '000
Employee provisions				
Current provisions expected to be wholly settled within 12 months				
Annual leave			4,577	4,230
Long service leave			1,287	1,240
Sick leave			7	9
			5,871	5,479
Current provisions expected to be wholly settled after 12 months				
Annual leave			1,542	973
Long service leave			9,245	9,235
			10,787	10,208
Total current provisions			16,658	15,687
Non-current				
Long service leave			1,398	1,337
Total non-current provisions			1,398	1,337
Aggregate carrying amount of employee provisions:				
Current provisions			16,658	15,687
Non-current provisions			1,398	1,337
Total aggregate carrying amount of employee provisions			18,056	17,024

5.5 Provisions (continued)

The following assumptions were adopted in measuring the present value of employee benefits:

	2021	2020
Weighted average increase in employee costs	2.50%	2.50%
Weighted average discount rates	1.49%	0.87%
Weighted average settlement period	14.17 years	14.75 years

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

Wages, salaries and annual leave

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

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability — unconditional LSL representing seven years' service is disclosed as a current liability even when Council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at:

- present value — component that is not expected to be settled within 12 months.
- nominal value — component that is expected to be settled within 12 months.

Non-current liability — conditional LSL representing less than seven years' service is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

Non-current LSL liability is measured at present value.

Sick leave

It was the former City of Caulfield's policy to make payments equivalent to 50 per cent of unused sick leave to some sections of its workforce on their retirement due to age or disability. This became payable after completing five years of service. There are no new entrants into the scheme since award restructuring in 1991. Provision for the estimated amount of this benefit for eligible employees is shown in note 5.5 as a current provision. Liability is measured at nominal value.

5.6 Financing Arrangements

The Council has the following funding arrangements in place as at 30 June 2021.

	2021 \$ '000	2020 \$ '000
Credit card facilities	200	200
Other facilities — bank guarantees	321	321
Total facilities	521	521
Used facilities	-	-
Unused facilities	521	521

5.7 Commitments

Council has entered into the following commitments:

Operating expenditure commitments — includes provision for the following: banking facilities; street cleaning; parking services; archival storage; cleaning services; audit services; agency staff; publications; telecommunications; delivered meals; litter bin collection; cleaning of public toilets; garbage collection; recyclables collection; green waste collection; building maintenance services; traffic management; and engineering services.

Capital expenditure commitments — includes provision for the following: park redevelopments; pavilion works; building improvements; landscaping; streetscape works and road works.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

2021	Not later than 1 year \$ '000	Later than 1 year but less than 2 years \$ '000	Later than 2 years but less than 5 \$ '000	Later than 5 years \$ '000	Total \$ '000
Operating					
Cleaning services	1,930	1,037	834	-	3,801
Community and aged care	1,856	587	144	-	2,587
Consultancies	866	471	-	-	1,337
Licences and support	596	301	195	-	1,092
Maintenance	5,240	3,724	628	-	9,592
Traffic and parking management	3,648	3,648	304	-	7,600
Waste and sustainability *	14,694	12,995	17,753	4,987	50,429
Other contractual obligations	2,130	846	301	-	3,277
Total operating commitments	30,960	23,609	20,159	4,987	79,715
Capital					
Buildings	14,449	557	253	-	15,259
Open Space and Recreation	3,990	-	-	-	3,990
Parks and Gardens	440	-	-	-	440
Roads	196	-	-	-	196
Total capital expenditure commitments **	19,075	557	253	-	19,885

* The increase in waste and sustainability commitments reflects a new contract with Metropolitan Waste and Resource Recovery Group (MWRRG) commencing during 2020-21.

** The increase in capital commitments during 2020-21 include committed works for Council's strategic projects such as the Murrumbeena Community Hub, Carnegie Memorial Swimming Pool, Lord Reserve Pavilion, Bentleigh Library and Youth Hub, Bentleigh Eat Street Plaza and Aileen Avenue Park.

5.7 Commitments (continued)

2020	Not later than 1 year \$ '000	Later than 1 year but less than 2 years \$ '000	Later than 2 years but less than 5 \$ '000	Later than 5 years \$ '000	Total \$ '000
Operating					
Cleaning services	1,792	591	-	-	2,383
Community and aged care	334	-	-	-	334
Consultancies	3,785	1,895	655	-	6,335
Licences and support	838	402	310	-	1,550
Maintenance	2,782	115	-	-	2,897
Traffic and parking management	3,344	3,648	3,952	-	10,944
Waste and sustainability	9,743	8,029	8,090	6,160	32,022
Other contractual obligations	1,164	179	216	12	1,571
Total operating commitments	23,782	14,859	13,223	6,172	58,036
Capital					
Buildings	252	-	-	-	252
Parks and Gardens	194	-	-	-	194
Roads	1,136	117	-	-	1,253
Total capital expenditure commitments	1,582	117	-	-	1,699

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 (4 per cent as at 30 June 2021).

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

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

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

5.8 Leases (continued)

Right-of-Use Assets	Property 2021 \$'000	Equipment 2021 \$'000	Total 2021 \$'000
Balance at 1 July 2020	3,684	166	3,850
Additions	197	366	563
Amortisation charge	(859)	(149)	(1,008)
Balance at 30 June 2021	3,022	383	3,405

Right-of-Use Assets	Property 2020 \$'000	Equipment 2020 \$'000	Total 2020 \$'000
Balance at 1 July 2019	-	-	-
Additions	4,375	278	4,654
Amortisation charge	(691)	(113)	(804)
Balance at 30 June 2020	3,684	166	3,850

Lease Liabilities	2021 \$'000	2020 \$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,181	1,028
One to five years	2,794	3,056
More than five years	33	416
Total undiscounted lease liabilities as at 30 June	4,008	4,500

Lease liabilities included in the Balance Sheet at 30 June	2021 \$'000	2020 \$'000
Current	1,181	1,028
Non-current	2,452	2,949
Total lease liabilities	3,633	3,977

Short-term and low value leases

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

	2021 \$'000	2020 \$'000
Expenses relating to:		
Short-term leases	-	192
Leases of low value assets	7	5
Total	7	197

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

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

Payable:

	2021 \$'000	2020 \$'000
Within one year	7	51
Later than one year but not later than five years	14	13
Later than 5 years	5	7
Total lease commitments	26	71

Note 6 Assets we manage

6.1 Investments in joint operations

Glen Eira City Council has entered into a joint operation in connection with the Regional Landfill Clayton South Joint Venture. The main activity was the provision of a refuse disposal site for councils. The registered office and principal place of business of the Joint Venture is Clayton Road, Clayton South, VIC 3169.

The landfill site is jointly owned by five councils including Glen Eira City Council and the equity is distributed accordingly: Boroondara 35.22 per cent, Glen Eira 21.10 per cent, Monash 16.80 per cent, Stonnington 12.76 per cent and Whitehorse 14.12 per cent. An updated joint venture agreement was signed by the five Council's on the 18th September 2020.

The Joint Venturers are obligated to restore the landfill site to a particular standard. The site ceased operation at the end of January 2016 and restoration work has commenced.

The Joint Venture Councils are required to progressively rehabilitate the site post closure and provide for future monitoring and after care of the site as well as a number of other obligations. The Joint Venturers have received a report into the post closure after care management cost assessment at the landfill. This report looked at the components of the after care assessment at the landfill.

Council has received the unaudited accounts of the joint operation and Council's 21.1 per cent share of the net liabilities employed in the joint operations is included in the Financial Statements as follows:

6.1 (a) Summarised Statement of Comprehensive Income	2021	2020
for the year ended 30 June 2021	\$ '000	\$ '000
Total income	29	80
Total expenses	2,260	334
Share of net loss of joint operations	(2,231)	(254)
Summarised Balance Sheet		
as at 30 June 2021		
Assets		
Current assets	151	609
Total assets	151	609
Liabilities		
Current liabilities	426	637
Non-current liabilities	3,755	1,771
Total liabilities	4,181	2,408
Net liabilities	(4,030)	(1,799)
Equity/(deficit)		
Accumulated deficit	(4,030)	(1,799)
Total equity/(deficit)	(4,030)	(1,799)
Adjusted for rehabilitation costs (refer to note 6.1(b))	4,176	2,403
Total investment in joint operations (excluding rehabilitation costs)	146	604

	2021	2020
	\$ '000	\$ '000

6.1 Investments in joint operations (continued)**6.1 (b) Other liabilities**

Provision for environmental rehabilitation	4,176	2,403
Total other liabilities	4,176	2,403

At the reporting date the Joint Venture recognised a provision for rehabilitation works which is measured at the present value of the Joint Venturers' best estimate of the costs associated with remediation of the site. Remediation is expected to be completed by 2050.

The calculation of the provision is based on a review of the Annual and planned equipment replacement aftercare costs of the site. These costs have been inflated at 2 per cent per year. The present value calculation uses the Milliman Group of 100 discount rate forecasts for 30 years.

The provision also takes into account a forecast \$1.996 million of capping and gas infrastructure works that are required to be completed primarily in 2021-22 in order to decommission the land fill.

The provision is assessed at the end of each reporting period in order to ensure it accurately reflects the cost of closing and restoring the site.

The provision was initially based on an external assessment performed in 2015. The landfill in it's current state, is not yet "settled". A review has been undertaken during the 2020-21 financial year by Mackenzie Environmental Pty Ltd on estimates of future costs to operate the closed landfill site in accordance with the *Environment Protection Act 2017*. The increase in provision relates to the expected post closure maintenance period costs after capping works are completed. The provision is based on the best information available to management at yearend. This indicates aftercare costs of approximately \$1.034m annually. It is management's intention to obtain a formal assessment in April 2022 when capping works are expected to be completed.

Council's share of the joint operation is also disclosed as a contingent liability in note 8.1. The provision for environmental rehabilitation is assessed at the end of each reporting period in order to ensure that it accurately reflects the cost of closing and restoring the site. Further costs may arise for the future after care of the landfill site, however, at this stage, these costs are too uncertain to reliably determine.

Summarised statement of cash flows

Net cash used in operating activities	(464)	(411)
Net decrease in cash and cash equivalents	(464)	(411)

Summary of joint operations**Movements for the year**

Share of joint operations as at 1 July	(1,799)	(1,545)
Share of net loss of joint operations	(2,231)	(254)
Share of total equity of joint operations as at 30 June	(4,030)	(1,799)

Accounting for investments in joint operations

Council's interest in joint operations are accounted for using the equity method. Under this method, the interest is initially recognised in the Balance Sheet at cost and adjusted thereafter to recognise Council's share of the net assets of the entities. Council's share of the financial result of the entity is recognised in the Comprehensive Income Statement.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Joint Venture, the results of those operations, or the state of affairs of the Joint Venture in future financial years.

6.2 Property, infrastructure plant and equipment

Summary of property, infrastructure plant and equipment

	At fair value 30 June 2020	Acquisitions	Revaluation	Depreciation	Disposal	Net transfers	At fair value 30 June 2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Land	1,702,289	3,881	245,541	-	-	-	1,951,711
Buildings	185,522	11,862	-	(5,489)	(147)	(3,982)	187,766
Plant and equipment	13,786	2,871	-	(3,916)	(35)	(327)	12,379
Infrastructure	328,551	12,480	(85)	(14,655)	(672)	2,714	328,332
Art collection and municipal regalia	2,422	-	-	-	-	-	2,422
Work in progress	15,676	-	-	-	-	1,595	17,271
	2,248,245	31,094	245,456	(24,060)	(854)	-	2,499,881

Summary of work in progress (WIP)

	Opening WIP	Additions	Transfers to completed assets	Closing WIP
	\$ '000	\$ '000	\$ '000	\$ '000
Land and buildings	5,163	16,271	(12,289)	9,145
Plant and equipment	181	5,005	(4,678)	508
Infrastructure	10,332	12,802	(15,516)	7,618
	15,676	34,078	(32,483)	17,271

6.2 Property, infrastructure plant and equipment (continued)

(a) Property	Notes	Land - specialised	Land under roads	Total land	Buildings - non specialised	Buildings - specialised	Leasehold improvements	Total buildings	Total property
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
At fair value 1 July 2020		1,075,662	626,627	1,702,289	243,667	48,284	382	292,333	1,994,622
Accumulated depreciation		-	-	-	(95,946)	(10,634)	(230)	(106,811)	(106,811)
Work in progress		-	-	-	4,525	638	-	5,163	5,163
Balance at 1 July 2020		1,075,662	626,627	1,702,289	152,246	38,288	152	190,685	1,892,974
Movements in fair value									
Acquisition of assets at fair value (including work in progress transfers)		3,881	-	3,881	7,880	-	-	7,880	11,761
Revaluation increments at fair value	9.1(a)	155,945	89,596	245,541	-	-	-	-	245,541
Fair value of assets disposed	4.4	-	-	-	(1,647)	-	-	(1,647)	(1,647)
Net work in progress movement		-	-	-	3,954	28	-	3,982	3,982
Balance at 30 June 2021		159,826	89,596	249,422	10,187	28	-	10,215	259,637
Movements in accumulated depreciation									
Depreciation	4.3	-	-	-	(4,838)	(633)	(18)	(5,489)	(5,489)
Accumulated depreciation of disposals	4.4	-	-	-	1,500	-	-	1,500	1,500
Balance at 30 June 2021		-	-	-	(3,338)	(633)	(18)	(3,989)	(3,989)
At fair value 30 June 2021		1,235,488	716,223	1,951,711	249,900	48,284	382	298,566	2,250,277
Accumulated depreciation at 30 June 2021		-	-	-	(99,284)	(11,267)	(248)	(110,800)	(110,800)
Work in progress		-	-	-	8,479	666	-	9,145	9,145
Balance at 30 June 2021		1,235,488	716,223	1,951,711	159,095	37,683	134	196,911	2,148,622

6.2 Property, infrastructure plant and equipment (continued)

(b) Infrastructure	Notes	Roads	Footpaths, furniture and signs	Drains	Parks and gardens	Total infrastructure
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
At fair value 1 July 2020		280,541	125,833	193,653	111,498	711,525
Accumulated depreciation		(148,067)	(79,277)	(105,734)	(49,894)	(382,972)
Work in progress		5,373	-	2,806	2,153	10,332
Balance at 1 July 2020		137,847	46,556	90,725	63,757	338,885

Movements in fair value

Acquisition of assets at fair value (including work in progress transfers)		6,229	2,855	3,512	2,598	15,194
Revaluation decrements at fair value	9.1(a)	(69)	-	(16)	-	(85)
Fair value of assets disposed	4.4	(895)	-	(122)	(990)	(2,007)
Net work in progress movement		1,104	-	(2,806)	(1,012)	(2,714)
Balance at 30 June 2021		6,369	2,855	568	596	10,388

Movements in accumulated depreciation

Depreciation	4.3	(5,470)	(1,677)	(2,072)	(5,436)	(14,655)
Accumulated depreciation of disposals	4.4	723	-	79	533	1,335
Balance at 30 June 2021		(4,747)	(1,677)	(1,993)	(4,903)	(13,320)

At fair value 30 June 2021		285,806	128,688	197,027	113,106	724,627
Accumulated depreciation at 30 June 2021		(152,814)	(80,954)	(107,727)	(54,797)	(396,292)
Work in progress		6,477	-	-	1,141	7,618
Balance at 30 June 2021		139,469	47,734	89,300	59,450	335,953

6.2 Property, infrastructure plant and equipment (continued)

(c) Plant and equipment	Notes	Plant and equipment	Furniture and equipment	Total plant and equipment
		\$ '000	\$ '000	\$ '000
At cost 1 July 2020		11,216	40,326	51,542
Accumulated depreciation		(6,773)	(30,985)	(37,757)
Work in progress		-	181	181
Balance at 1 July 2020		4,443	9,522	13,966
Movements in cost				
Acquisition of assets at fair value (including work in progress transfers)		1,597	947	2,544
Cost of assets disposed	4.4	(505)	(30)	(535)
Net work in progress movement		-	327	327
Balance at 30 June 2021		1,092	1,244	2,336
Movements in accumulated depreciation				
Depreciation	4.3	(1,072)	(2,844)	(3,916)
Accumulated depreciation of disposals	4.4	409	91	500
Balance at 30 June 2021		(663)	(2,753)	(3,416)
At cost 30 June 2021		12,308	41,243	53,551
Accumulated depreciation at 30 June 2021		(7,436)	(33,739)	(41,174)
Work in progress		-	508	508
Balance at 30 June 2021		4,872	8,013	12,885

6.2 Property, infrastructure plant and equipment (continued)

(d) Art collection and municipal regalia	Notes	Art collection and municipal regalia	Total art collection and municipal regalia
		\$ '000	\$ '000
At fair value 1 July 2020		2,422	2,422
Balance at 1 July 2020		2,422	2,422
Movements in fair value			
Acquisition of assets at fair value		-	-
Acquisition of assets at cost		-	-
Revaluation increments at fair value	9.1(a)	-	-
Fair value of assets disposed	4.4	-	-
		-	-
At fair value 30 June 2021		2,422	2,422
Balance at 30 June 2021		2,422	2,422

6.2 Property, infrastructure plant and equipment (continued)

Acquisition

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

Asset recognition depreciation periods	Depreciation/ amortisation period	Threshold limit	
Property			
Buildings	(12–120 years)	\$10,000	
Land	(indefinite)	-	
Land under roads	(indefinite)	-	
Leasehold improvements	(20 years)	\$500	
Plant and equipment			
Computer equipment	(3–5 years)	\$500	
Furniture and equipment *	(5–10 years)	\$10,000	(2019-20 \$2,000)
Motor vehicles and trucks	(5–8 years)	\$500	
Plant and equipment	(3–15 years)	\$500	
Sports equipment (leased)	(4 years)	-	
Art collection and municipal regalia			
Art collection	(indefinite)	-	
Municipal regalia	(indefinite)	-	
Infrastructure			
Car parks	(27–29 years)	\$15,000	
Drains	(100 years)	\$1,500	
Footpaths	(47–69 years)	-	
Kerbs and channels	(82–128 years)	\$1,000	
Local area traffic management devices	(25–52 years)	\$1,000–\$50,000	
Right of ways	(38–108 years)	\$3,000	
Roads substructure	(150–173 years)	\$2,000	
Roads surfaces	(26–32 years)	\$2,000	
Street furniture and signs	(13–25 years)	\$100–\$2,000	
Parks and gardens improvements	(5–60 years)	\$1,500	
Recreational facilities	(5–60 years)	\$1,500	
Intangibles			
Software and software licences	(5 years)	\$10,000	
Right of use assets			
Property and equipment	(1–7 years)	\$10,000	

* This change is immaterial.

6.2 Property, infrastructure plant and equipment (continued)

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation of property, infrastructure, plant and equipment and other assets

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner that 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.

Land, land under roads, art collection and municipal regalia are not depreciated.

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

Repairs and maintenance

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 20-year period.

Committees of Management

Where Council has been appointed as Committee of Management, the value of the asset has been included in Council's Financial Statements.

6.2 Property, infrastructure plant and equipment (continued)

(e) Valuations of land and buildings

Valuations of land and buildings were undertaken by a qualified independent valuer, Rodney Patel (A.A.P.I) Certified Practising Valuer from Patel Dore Valuers. The valuations of land and buildings are 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 result of COVID-19 having an impact on the property market, a reassessment of land and land under roads in Glen Eira was undertaken by Patel Dore Valuers in June 2021. In determining the estimated percentage movement, Patel Dore Valuers have considered every property transaction in Glen Eira between 1 July 2020 to 30 June 2021. The results suggested a tracking value increment of 5.58 per cent over the period which has now been taken into account as at 30 June 2021 (refer 6.2 (a)).

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

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

Details of Council's land and buildings and information about the fair value hierarchy as at 30 June 2021 are as follows:

	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000	Date of Valuation
Land — specialised	-	-	1,235,488	06/21
Land under roads	-	-	716,223	06/21
Buildings — specialised	-	-	37,017	01/20
Buildings — non specialised	-	150,616	-	01/20
Total land and buildings	-	150,616	1,988,727	

(f) Valuations of infrastructure

Valuations of infrastructure assets, except for Parks and gardens assets, have been assessed by Glen Eira City Council's Director Infrastructure, Environment and Leisure Samantha Krull B.Science Engineering (Civil), GradD Engineering (Civil) as at 30 June 2018. A review of the construction index was undertaken in 2019-20 and 2020-21 and the results were considered immaterial and no adjustments were required. The next scheduled condition assessment will be conducted in 2021-22.

Parks and gardens assets were assessed by Greg McNally, Director of Corengal Pty Ltd, as at 30 April 2017. The next scheduled full revaluation for this purpose will be conducted in 2021-22.

The valuation of infrastructure assets 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 2021 are as follows:

	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000	Date of Valuation
Roads	-	-	132,992	06/18
Footpaths, furniture and signs	-	-	47,734	06/18
Drains	-	-	89,300	06/18
Parks and gardens	-	-	58,308	04/17
Total infrastructure	-	-	328,334	

6.2 Property, infrastructure plant and equipment (continued)

(g) Valuation of art collection and municipal regalia

Art collection assets were assessed by Lauraine Diggins, Director Fine Art Pty Ltd as at 1 January 2020. The basis of valuation was market value.

Details of Council's art collection and municipal regalia and information about the fair value hierarchy as at 30 June 2021 are as follows:

	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000	Date of Valuation
Art collection and municipal regalia	-	2,422	-	01/20
Total art collection and municipal regalia	-	2,422	-	

(h) 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 five per cent and 95 per cent. The market value of land varies significantly depending on the location of the land and the current market conditions. 2020–21 land values range between approximately \$249 and \$4,456 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of the buildings. Current replacement cost is calculated on a square metre basis ranging from \$320 to \$29,180 per square metre. The remaining useful lives of the buildings are determined on the basis of the current condition of buildings and vary from 1 year to 105 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from five years to 173 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2021 \$'000	2020 \$'000
Reconciliation of specialised land		
Land	1,235,488	1,075,662
Land under roads	716,223	626,627
Total specialised land	1,951,710	1,702,288

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related parties

Parent entity

Glen Eira City Council

Subsidiaries, associates and joint operations

Interests in joint operations are detailed in note 6.1

(b) Key management personnel

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

Councillors

Anne-Marie Cade	Councillor	1 July 2020—23 October 2020
	Councillor	9 November 2020—30 June 2021
Clare Davey	Councillor	1 July 2020—23 October 2020
Dan Sztrajt	Deputy Mayor	1 July 2020—23 October 2020
David Zyngier	Councillor	9 November 2020—30 June 2021
Jamie Hyams	Councillor	1 July 2020—23 October 2020
Jim Magee	Councillor	1 July 2020—23 October 2020
	Deputy Mayor	9 November 2020—30 June 2021
Joel Silver	Councillor	1 July 2020—23 October 2020
Li Zhang	Councillor	9 November 2020—30 June 2021
Margaret Esakoff	Mayor	1 July 2020—23 October 2020
	Mayor	9 November 2020—30 June 2021
Mary Delahunty	Councillor	1 July 2020—7 September 2021
Neil Pilling	Councillor	9 November 2020—30 June 2021
Sam Parasol	Councillor	9 November 2020—30 June 2021
Simone Zmood	Councillor	9 November 2020—30 June 2021
Tony Athanasopoulos	Councillor	1 July 2020—23 October 2020
	Councillor	9 November 2020—30 June 2021

Chief Executive Officer and other key management personnel

Kellie Vise *	Chief Transformation Officer	14 September 2020—30 June 2021
Mark Saunders	Director Community Wellbeing	19 December 2020—30 June 2021
	Executive Manager People and Culture	1 July 2020—30 June 2021
	Director Infrastructure and Open Space	19 October 2020—30 June 2021
Niall McDonagh	Director Community Wellbeing	1 July 2020—30 June 2021
Peter Jones **	Director Corporate Services	1 July 2020—30 June 2021
Peter Swabey	Chief Executive Officer	1 July 2020—30 June 2021
Rebecca McKenzie		
Ron Torres	Director Planning and Place	1 July 2020—30 June 2021
	(Acting) Director Infrastructure and Environment	6 July 2020—16 October 2020
Simon Thomas		

* The Executive Manager People and Culture and Chief Transformation Officer were classified as Key Management Personnel during the 2020-21 financial year.

** Includes long-term service leave commencing from 18 December 2020.

	2021 No.	2020 No.
Summary		
Total number of Councillors *	14	9
Chief Executive Officer and other key management personnel	9	5
Total key management personnel	23	14

* Glen Eira City Council consists of three wards, with three Councillors representing each ward. The nine Councillors were elected for four-year terms on Saturday 24 October 2020, and elect the Mayor annually. The Councillors took the Oath of Office at the Special Council Meeting on 9 November 2020.

7.1 Council and key management remuneration (continued)

(c) Remuneration of key management personnel

	2021 \$ '000	2020 \$ '000
Total remuneration of key management personnel was as follows:		
Short-term benefits (salary and annual leave)	2,193	1,629
Post-employment benefits (superannuation)	266	201
Long-term benefits (long service leave)	53	36
Total	2,512	1,866

Key management personnel includes Councillors, CEO and direct senior executive reports to the CEO.

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

Income range:	2021 No.	2020 No.
\$0–\$9,999	1	-
\$10,000–\$19,999	4	-
\$20,000–\$29,999	5	-
\$30,000–\$39,999	3	7
\$60,000–\$69,999	-	1
\$80,000–\$89,999	-	1
\$90,000–\$99,999	1	-
\$100,000–\$109,999	1	-
\$170,000–\$179,999	1	-
\$200,000–\$209,999	1	-
\$220,000–\$229,999	2	-
\$240,000–\$249,999	1	-
\$260,000–\$269,999	-	1
\$270,000–\$279,999	-	3
\$280,000–\$289,999	2	-
\$380,000–\$389,999	-	1
\$400,000–\$409,999	1	-
Total key management personnel	23	14

During the 2020-21 financial year, there were 27 payroll periods accounted for.

(d) Transactions with related parties

There were no transactions with related parties which required disclosure during the 2020–21 or 2019–20 reporting years.

(e) Outstanding balances with related parties

There were no outstanding balances with related parties which required disclosure during the 2020–21 or 2019–20 reporting years.

(f) Loans to/from related parties

No loans have been made, guaranteed, or secured by Council to related parties which required disclosure during the 2020–21 or 2019–20 reporting years.

(g) Commitments to/from related parties

No commitments have been made, guaranteed, or secured by Council to related parties which required disclosure during the 2020–21 or 2019–20 reporting years.

7.2 Senior officer remuneration

A Senior Officer is an officer of Council, other than key management personnel, who:

- has management responsibilities and reports directly to the Chief Executive; or
- whose total annual remuneration exceeds \$151,000 (\$151,000 in 2019–20).

The below numbers include staff holding senior officer positions where two or more staff members have shared the same senior role during a financial year.

The number of senior officers other than the key management personnel, are shown below in their relevant income bands:

Income range:	2021	2020
	No.	No.
<\$151,000	8	5
\$151,000–\$159,999	2	4
\$160,000–\$169,999	3	5
\$170,000–\$179,999	7	3
\$180,000–\$189,999	3	4
\$190,000–\$199,999	3	4
\$200,000–\$209,999	1	1 *
\$220,000–\$229,999	-	1 *
\$260,000–\$269,999	1	1
Total senior officers	28	28

* The Executive Manager People and Culture and Chief Transformation Officer were reported as Senior Officers in 2019-20. During the 2020-21 financial year, both positions were classified as Key Management Personnel.

Remuneration	2021	2020
	\$ '000	\$ '000
Short-term benefits (salary and annual leave)	3,900	3,892
Post-employment benefits (superannuation)	455	439
Long-term benefits (long service leave)	103	105
Total remuneration for the reporting year for senior officers amounted to:	4,458	4,436

During the 2020-21 financial year, there were 27 payroll periods accounted for.

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

Contingent assets

Nil

Contingent liabilities

(a) Arising from legal matters

Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.

As these matters are yet to be finalised and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the *Financial Report*.

(b) Arising from insurable claims

As a major enterprise, Council is subject to claims that may arise in areas such as: public liability for injury and/or property damage; professional indemnity for wrongful advice; Councillors' and officers' liability; employment practices liability; and discrimination.

Council maintains a comprehensive insurance portfolio in respect of all identified areas of potential liability. Council presently has no outstanding claims in these areas except in respect of public liability. Council has insurance coverage that exceeds the requirements of legislation and that is more than adequate to cover any outstanding claims that fall within the terms of the insurance coverage.

Council has no claims that fall outside the insurance coverage except for those which are not covered because they are 'under excess' in respect of the applicable coverage.

Council's liability therefore, is limited to minor 'under excess' claims and the 'under excess' component of claims that fall within the insurance coverage. Council makes allowance for these 'under excess' contingent liabilities in its *Annual Budget*.

(c) Liability Mutual Insurance

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

8.1 Contingent assets and liabilities (continued)

(d) Superannuation

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

The COVID-19 restrictions have begun to be tentatively lifted around the world and the equity markets have continued to improve. However the economic disruption from the COVID-19 restrictions has the potential to raise market volatility again.

(e) Regional Landfill Clayton South Joint Operation

Rehabilitation works

Five councils have entered into a joint operation in connection with the Clayton Regional Landfill Joint Operation. The main activity was the provision of a refuse disposal site for councils.

The Clayton Regional Landfill site is now closed and has completed the waste filling and is undergoing for a program of rehabilitation works that include the construction of a landfill cap over the whole of the landfill.

The Joint Venture ceased to operate as a commercial land fill at the end of January 2016 and as such it is no longer able to generate income from ongoing operations to continue to meet obligations under its licence agreement with the EPA for a period of 30 years following closure.

The Joint Venturers are obligated to restore the landfill site to a particular standard. The site ceased operation at the end of January 2016 and restoration work has commenced.

The Joint Venture Councils are required to progressively rehabilitate the site post closure and provide for future monitoring and after care of the site as well as a number of other obligations. The Joint Venturers have received a report into the post closure after care management cost assessment at the landfill.

At the reporting date the Joint Venture recognised a provision for rehabilitation works which is measured at the present value of the Joint Venturers' best estimate of the costs associated with remediation of the site. Remediation is expected to be completed by 2050. The provision is assessed at the end of each reporting period in order to ensure it accurately reflects the cost of closing and restoring the site. Further costs may arise for the future after care of the landfill site, however, at this stage, these costs are too uncertain to reliably determine.

It is management's intention to obtain a formal assessment in April 2022 when capping works are expected to be completed.

8.1 Contingent assets and liabilities (continued)

(f) Infringements Review

On 20 May 2019 the Ombudsman wrote to the Minister for Local Government and the Mayors and CEOs of Port Phillip, Stonnington and Glen Eira Councils notifying them of her intention to investigate the matter of councils' use of third party contractors in the administration of parking infringement reviews. While the practice of outsourcing infringement reviews was not unique to those three municipalities, the investigation's scope was restricted to those three councils on the basis of complaints received directly by the Ombudsman.

Council launched a refund scheme where people who felt that they may be eligible for a refund could apply and have their case reconsidered. This approach was endorsed by Council at its Ordinary Council Meeting held on 25 February 2020. Council publicly advertised its Refund Scheme via media channels alerting the community to the opportunity to request a further review of their infringement appeal. Those people who feel they are still eligible for a refund can still apply.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. Council assesses the impact of these new standards. As at 30 June 2021 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2022 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

(c) Interest rate risk

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

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.

(d) Credit risk

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

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with 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 that are individually determined to be impaired.

8.3 Financial instruments (continued)

(d) Credit risk (continued)

We 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.

(e) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or not having 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:

- has readily accessible standby facilities and other funding arrangements in place;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis; and
- sets limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the Balance Sheet are 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.

(f) Financial instruments — 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 plus one and minus one per cent in market interest rates (AUD) from year-end rates of 0.3 per cent (assuming cash remains steady throughout the year).

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

8.4 Fair value measurement

Fair value hierarchy

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

Fair value measurement

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

AASB 13 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at note 6.2, Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation at the following intervals:

- Art collection every five years
- Infrastructure assets every four years and replacement costs adjusted annually
- Land and buildings every two years
- Land under roads every two years
- Municipal regalia every five years
- Parks and gardens every five years

The valuation is performed either by experienced Council officers or independent experts.

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

Impairment of assets

At each reporting date, 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

COVID-19 Pandemic

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, known as coronavirus. A state of disaster was subsequently declared on 2 August 2020. During 2020-21, Victoria experienced further lockdowns, and this is having far reaching economic implications for businesses and residents across the Glen Eira Municipality.

Council continues to monitor the non-financial and financial impacts however, due to the significant amount of uncertainty, it is not possible to reliably measure the full economic financial position.

Some key areas of anticipated impact include:

User fees, other revenue streams and debtors

Council has experienced a detrimental financial impact on previously reliable income streams. Facility closures (such as Glen Eira Leisure), changes to programming, reduced revenue (from rates debtors) and unanticipated increased expenditure have all had an impact on Council's long-term financial position and liquidity, and this continues to be the case at the start of the 2021-22 financial year.

Additional expenses associated with Council's hardship policy

Council continues to provide support to ratespayers in the form of a Hardship Rates Support Package for eligible ratepayers.

Council has a robust financial framework and has put measures in place to manage the financial position. As at reporting date, Council has not received any further information about changed conditions on COVID-19 that existed at the reporting date which requires disclosure.

In addition, there are no material non-adjusting events after the reporting date which have not been disclosed. Council will be subject to the changing environment of the COVID-19 pandemic.

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserve

2021	Balance at beginning of reporting period \$ '000	Increment/ (decrement) \$ '000	Balance at end of reporting period \$ '000
Property			
Land	740,334	155,945	896,279
Land under roads	264,649	89,596	354,245
Buildings	89,854	-	89,854
Infrastructure			
Road assets	108,198	(69)	108,129
Footpaths	24,236	-	24,236
Drainage	18,127	(16)	18,111
Parks and gardens	24,298	-	24,298
Art collection and municipal regalia			
Art collection	1,601	-	1,601
Balance	1,271,297	245,456	1,516,753

2020	Balance at beginning of reporting period \$ '000	Increment/ (decrement) \$ '000	Balance at end of reporting period \$ '000
Property			
Land	721,225	19,109	740,334
Land under roads	254,108	10,541	264,649
Buildings	87,555	2,299	89,854
Infrastructure			
Road assets	108,252	(54)	108,198
Footpaths	24,236	-	24,236
Drainage	18,190	(63)	18,127
Parks and gardens	24,298	-	24,298
Art collection and municipal regalia			
Art collection	1,088	513	1,601
Balance	1,238,952	32,345	1,271,297

The asset revaluation reserve is used to record the net movement of Council's assets over time.

9.1 Reserves (continued)

(b) Public open space reserve

	Balance at beginning of reporting period	Transfers from accumulated surplus	Transfers to accumulated surplus	Balance at end of reporting period
	\$ '000	\$ '000	\$ '000	\$ '000
2021				
Public open space reserve	24,195	5,804	(3,739)	26,260
Balance	24,195	5,804	(3,739)	26,260
2020				
Public open space reserve	18,584	8,707	(3,096)	24,195
Balance	18,584	8,707	(3,096)	24,195

Council approved its *Open Space Strategy* on 8 April 2014 following community consultation. The Public Open Space Reserve can be used to fund projects that meet the conditions of the Strategy which is mainly focused on increasing open space in identified gap areas and to localities with forecast population growth.

Contributions to the public open space reserve during the financial year relate to contributions received as public open space levies pursuant to the provisions of Section 18 of the *Subdivision Act 1988*. Council has achieved the new uniform levy rate of 5.7 per cent (Amendment C120).

Transfers from the public open space reserve during the financial year reflect the funding of eligible open space capital works projects.

Summary of reserves	Balance at beginning of reporting period	Increment/ (decrement) and transfers	Balance at end of reporting period
	\$ '000	\$ '000	\$ '000
2021			
Asset revaluation reserve	1,271,297	245,456	1,516,753
Public open space reserve	24,195	2,065	26,260
Balance	1,295,492	247,521	1,543,013
2020			
Asset revaluation reserve	1,238,952	32,345	1,271,297
Public open space reserve	18,584	5,611	24,195
Balance	1,257,536	37,955	1,295,492

	Notes	2021 \$ '000	2020 \$ '000
9.2 Reconciliation of cash flows from operating activities to surplus			
Surplus for the year		516	10,944
Capitalised salaries	4.1(a)	(2,412)	(3,125)
Depreciation and amortisation	4.3	24,060	23,766
Amortisation — intangible assets	4.4	787	685
Amortisation — right of use assets	4.5	1,007	804
Loss on sale/disposal of property, infrastructure, plant and equipment	4.6	1,145	779
Borrowing costs	4.7	308	425
Finance costs	4.8	191	180
Share of net loss of joint operations	6.1	2,231	254
Change in assets and liabilities:			
(Decrease) / increase in trade and other receivables	5.1(d)	(5,712)	1,353
Decrease in other assets	5.2(a)	(681)	(189)
Decrease in payables	5.3(a)	(2,011)	(1,288)
(Decrease) / increase in trust funds and other deposits	5.3(b)	(10,212)	3,473
Increase in unearned revenue	5.3(c)	3,481	1,034
Increase in provisions	5.5	1,032	1,390
Net cash provided by operating activities		13,730	40,483

9.3 Superannuation

Glen Eira City Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund), the HESTA Superannuation Fund (HESTA) and other employee nominated funds in accordance with employment arrangements.

The HESTA Fund and other employee nominated funds are defined contribution plans and no further liability accrues to the employer as the benefits accruing to the employees are represented by their share of the net assets of their nominated superannuation funds.

The Fund has two categories of membership, Accumulation and Defined Benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised in the Comprehensive Income Statement as an expense when they are made or due.

Accumulation

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

Defined Benefit

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

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

Funding arrangements

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

A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6 per cent. The financial assumptions used to calculate the VBI were:

- Net investment returns 5.6 per cent per annum
- Salary information 2.5 per cent per annum for two years and 2.75 per cent per annum thereafter
- Price inflation (CPI) 2 per cent per annum

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

Vision Super has advised that the actual VBI at 30 June 2021 was 109.7 per cent.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2020 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 (continued)

Employer contributions

Regular contributions

On the basis of the results of the 2020 triennial 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 2021, this rate was 9.5% of members' salaries (9.5% in 2019-20). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

Funding calls

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

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

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

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

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

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

The 2020 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 is conducted every three years and interim actuarial investigations are conducted for each intervening year. A 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:

	2020 \$m	2019 \$m
A VBI surplus	100.0	151.3
A total service liability surplus	200.0	233.4
A discounted accrued benefits surplus	217.8	256.7

9.3 Superannuation (continued)

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 2020.

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 2020.

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 2020.

Council was notified of the 30 June 2020 VBI during August 2020 (2019: August 2019).

The 2021 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2021 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2021.

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2021 are detailed below:

Scheme	Type of Scheme	Rate	2021 \$m	2020 \$m
Vision Super	Defined Benefit	9.50%	0.2	0.19
Vision Super	Accumulation Fund	9.50%	4.04	4.22

There was \$384k of contributions outstanding. There were no loans were issued from or to the above schemes as at 30 June 2021.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ended 30 June 2022 is nil.

9.4 Residential aged care facilities

Consolidation of Council Residential Aged Care facilities - Closure of Spurway Nursing Home

On Tuesday 16th March 2021, Council resolved to consolidate its Residential Aged Care Services onto two sites, namely 'Rosstown Community' and the 'Warrawee Nursing Home'. The Spurway Community nursing home ceased providing residential aged care services on Thursday 1st April 2021. All sixteen residents living at Council's Spurway Community nursing home were relocated to vacant beds at either the Warrawee facility (15 residents) or the Rosstown facility (one resident).

The decision reduces the financial and operating risks exposure associated with Council's aged care portfolio including:

- (a) Spurway's size, layout and design, including shared bathrooms and small rooms, limits its ability to meet residents' needs into the future and its long-term viability as a residential aged care facility. Council recognised the need to explore options for a sustainable approach to aged care into the future.
- (b) Lack of appropriate economies of scale associated with the small 30 bed facility and financial losses.

Royal Commission into Aged Care Quality and Safety

The final report from the Royal Commission was tabled in Parliament on Monday 1 March 2021. The report made 148 wide-ranging recommendations which included enshrining the rights of elder Australians in legislation, creating an independent inspector-general to investigate and monitor governance of the aged care system, and mandatory minimum qualifications for workers as well as a national registration scheme for those staff.

Segment Reporting

Council is required to disclose a segment note including residential aged care operations as defined under the *Aged Care Act 1997*. The reporting requirements include a detailed Income Statement and Balance Sheet.

The operations of the facilities have been included in the Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Statement of Changes in Equity of Council. Terminology in the following Income Statement and Balance Sheet has been used in accordance with the Department of Social Services' disclosure requirements.

9.4 Residential aged care facilities

Income Statement for residential aged care facilities for the year ended 30 June 2021	2021 \$ '000	2020 \$ '000
Income		
Resident charges	2,643	3,552
Government grants	6,939	7,584
Investment income	188	516
Total income	9,770	11,652
Expenses		
Wages and superannuation — care *	9,619	7,267
Wages and superannuation — administration	623	431
Wages and superannuation — other	3,722	3,533
Staff on-costs	1,445	1,330
Training	7	36
Agency costs	221	636
Materials and consumables	1,096	1,107
Contractor payments	413	532
COVID-19 pandemic prevention expenses **	1,093	68
Maintenance	619	518
Utility services	304	420
Other expenses	197	267
Management fees	511	437
Indirect overheads	1,298	1,299
Depreciation on property, plant and equipment	755	757
Total expenses	21,923	18,638
Deficit	(12,153)	(6,986)

* The increase in wages reflects the costs of consolidation of the Spurway facility, and includes post COVID-19 operating standards and Royal Commission outcomes.

** Relates to pandemic prevention expenses associated with COVID-19 and includes: personal protective equipment and clothing, cleaning materials such as: sanitisers, gloves, cleaning products and other prevention materials.

9.4 Residential aged care facilities (continued)

Balance Sheet for residential aged care facilities as at 30 June 2021	2021 \$ '000	2020 \$ '000
Current assets		
Cash and financial assets	22,147	30,783
Trade and other receivables	94	109
Total current assets	22,241	30,892
Non-current assets		
Property, plant and equipment	33,851	33,341
Total non-current assets	33,851	33,341
Total assets	56,092	64,233
Current liabilities		
Trade and other payables	79	121
Residential aged care bonds and deposits	22,147	30,783
Employee provisions	2,512	3,084
Total current liabilities	24,738	33,988
Non-current liabilities		
Employee provisions	167	206
Total non-current liabilities	167	206
Total liabilities	24,905	34,194

The information provided above in connection with the Residential Aged Care Balance Sheet is derived from selected disclosure of key asset and liability accounts included in Glen Eira City Council's core Balance Sheet.

9.5 Special committees and other activities

There are no material special committees or other activities to disclose at reporting date.

10 Change in Accounting Policy

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

Council has adopted AASB 1059 Service Concession Arrangements: Grantors, from 1 July 2020.

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

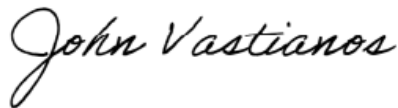
Council has adopted AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material, from 1 July 2020.

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

Council has adopted AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework from 1 July 2020.

It is not expected that these standards will have any significant impact on Council.

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* (as per the transitional provisions of the *Local Government Act 2020*).



John Vastianos (B.Com., GradCertMgt., FCPA, GAICD)

Principal Accounting Officer

Dated: 31 August 2021

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield

In our opinion, the accompanying Performance Statement of the Glen Eira City Council for the year ended 30 June 2021 presents fairly the results of Council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* (as per the transitional provisions of the *Local Government Act 2020*).

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

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

We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Margaret Esakoff

Mayor

Dated: 31 August 2021

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Jim Magee

Deputy Mayor

Dated: 31 August 2021

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Rebecca McKenzie

Chief Executive Officer

Dated: 31 August 2021

Location: Glen Eira Town Hall, corner Glen Eira and Hawthorn Roads, Caulfield



Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of Glen Eira City Council

Opinion	<p>I have audited the accompanying performance statement of Glen Eira City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of the municipality for the year ended 30 June 2021 • sustainable capacity indicators for the year ended 30 June 2021 • service performance indicators for the year ended 30 June 2021 • financial performance indicators for the year ended 30 June 2021 • basis of preparation and • certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2021 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
7 September 2021



Sanchu Chummar

as delegate for the Auditor-General of Victoria

Description of municipality

The City of Glen Eira is located in Melbourne's south-east suburbs, approximately 10 kilometres from Melbourne's central business district. It was created in 1994 following the merger of the former City of Caulfield and the nearby suburbs of Bentleigh, Bentleigh East, McKinnon and parts of Ormond, which were all in the former City of Moorabbin.

The City of Glen Eira includes the suburbs of Bentleigh; Bentleigh East; Carnegie; Caulfield; Caulfield East; Caulfield North; Caulfield South; Elsternwick; Gardenvale; Glen Huntly; McKinnon; Murrumbeena; Ormond; and part of the suburbs of Brighton East and St Kilda East.

Glen Eira is home to 158,216* people across 54,731** households, from more than 160 different cultural backgrounds. It's also the centre of Melbourne's Jewish community.

* Source: Australian Bureau of Statistics, Estimated Resident Population, 30 June 2020.

**Source: Australian Bureau of Statistics, Census of Population and Housing 2016.

Overview of 2021

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, known as coronavirus. A state of disaster was subsequently declared on 2 August 2020. The state of emergency and state of disaster are still in place as at 30 June 2021.

Council's 2020-21 operating result and capital works budgets have been significantly impacted by COVID-19. Some business areas were severely restrained such as our Libraries and Learning Centres and Glen Eira Leisure due to forced closures directed by Chief Health Officer Directives.

Indicator/Measure	Results				Material variations
	2018	2019	2020	2021	
Population					
Expenses per head of municipal population	\$ 1,018	\$ 1,069	\$ 1,105	\$ 1,128	
[Total expenses/Municipal population]					
Infrastructure per head of municipal population	\$ 3,403	\$ 3,463	\$ 3,488	\$ 3,465	
[Value of infrastructure/Municipal population]					
Population density per length of road	305	309	314	318	
[Municipal population/Kilometres of local roads]					
Own-source revenue					
Own-source revenue per head of municipal population	\$ 960	\$ 1,007	\$ 945	\$ 874	The continuing decrease is mainly due to the reduced fee income from parking and Glen Eira Leisure during COVID-19 closures. This is expected to improve in future years.
[Own-source revenue/Municipal population]					
Recurrent grants					
Recurrent grants per head of municipal population	\$ 158	\$ 156	\$ 144	\$ 142	
[Recurrent grants/Municipal population]					

Indicator/Measure	Results				Material variations
	2018	2019	2020	2021	
Disadvantage					
Relative socio-economic disadvantage	10	10	10	10	
[Index of relative socio-economic disadvantage by decile]					
Workforce turnover					
Percentage of staff turnover	12%	12%	12%	17%	This turnover rate includes resignations, retirements, terminations and redundancies of permanent employees. The turnover rate is slightly higher this year due to Council's decision to consolidate three of its residential aged care facilities to two, resulting in staff redundancies.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100					

Definitions

“adjusted underlying revenue” means total income other than:

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

(b) non-monetary asset contributions; and

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

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

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

“population” means the resident population estimated by Council

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

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

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

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

Service/Indicator/Measure	Results				Material variations	
	2018	2019	2020	2021		
Aquatic facilities						
<i>Utilisation</i>						
Utilisation of aquatic facilities	11	11	8	2	Due to the COVID-19 restrictions Glen Eira Leisure facilities were closed and restricted for significant parts of the year which resulted in less access for patrons.	
[Number of visits to aquatic facilities / Municipal population]						
Animal management						
<i>Health and safety</i>						
Animal management prosecutions	New in 2020	New in 2020	100	100%		
[Number of successful animal management prosecutions / Number of animal management prosecutions]						

Service/Indicator/Measure	Results				Material variations
	2018	2019	2020	2021	
Food safety					
<i>Health and safety</i>					
Critical and major non-compliance notifications	100%	97%	100%	96%	
[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100					
Governance					
<i>Satisfaction</i>					
Satisfaction with Council decisions	55	61	58	59	
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]					

Service/Indicator/Measure	Results				Material variations
	2018	2019	2020	2021	
Libraries					
Participation					
Active library members	17%	17%	16%	14%	COVID-19 restrictions and lockdowns throughout 2020-21 greatly restricted the ability of library customers to make use of library services.
[Number of active library borrowers in the last three years /					
The sum of the population for the last three years] x100					
Maternal and child health					
Participation					
Participation in the MCH service	87%	81%	77%	71%	COVID-19 restrictions and lockdowns throughout 2020-21 greatly restricted the ability of customers to participate in the maternal and child health service.
[Number of children who attend the MCH service at least once (in the year) /					
Number of children enrolled in the MCH service] x100					

Service performance indicators (continued)
for the year ended 30 June 2021

Service/Indicator/Measure	Results				Material variations	
	2018	2019	2020	2021		
Maternal and child health						
<i>Participation</i>						
Participation in the MCH service by Aboriginal children	93%	95%	100%	86%	COVID-19 has impacted on our delivery of MCH Service and engagement with Aboriginal and Torres Strait Islander (ABTSI) families. COVID-19 restrictions has meant some of our ABTSI families have relocated out of our catchment during lockdown.	
[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						
Roads						
<i>Satisfaction</i>						
Satisfaction with sealed local roads	70	70	73	70		
[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]						

Service/Indicator/Measure	Results				Material variations	
	2018	2019	2020	2021		
Statutory Planning						
Decision making						
Council planning decisions upheld at VCAT	57%	72%	83%	59%	Glen Eira City Council had a very low number of planning applications (total of 35 applications) that were appealed to VCAT and notes that only seven decisions reviewed by the Tribunal in the reporting year set aside the Council decision. While the overall percentage has reduced from the previous year, it is partly the consequence of so few decisions that the Tribunal was required to decide. Council also highlights that 18 of the appeals were settled through mediation, being more than half the appeals lodged with VCAT.	
[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application/ Number of VCAT decisions in relation to planning applications] x100						
Waste Collection						
Waste diversion						
Kerbside collection waste diverted from landfill	45%	46%	49%	49%		
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100						

Definitions

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

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

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

Results					Forecasts				
Dimension/Indicator/Measure	2018	2019	2020	2021	2022	2023	2024	2025	Material variations
Efficiency									
Expenditure level									
Expenses per property assessment	\$ 2,342	\$ 2,450	\$ 2,543	\$ 2,561	\$ 2,604	\$ 2,617	\$ 2,639	\$ 2,718	
[Total expenses / Number of property assessments]									
Revenue level									
Average rate per property assessment	New in 2020	New in 2020	\$ 1,404	\$ 1,428	\$ 1,438	\$ 1,478	\$ 1,507	\$ 1,537	
[General rates and Municipal charges / Number of property assessments]									
Liquidity									
Working capital									
Current assets compared to current liabilities	142%	140%	127%	121%	94%	92%	93%	94%	Council's working capital ratio is expected to fall below 100% in the next few years due to the impact of COVID-19 and a large investment in strategic capital works projects.
[Current assets / Current liabilities] x100					Our long term aim is to return to a working capital ratio of over 100 per cent, however during the build of our major projects it has been considered acceptable for our liquidity to temporarily drop below this level.				
Unrestricted cash									
Unrestricted cash compared to current liabilities	44%	38%	34%	(15%)	30%	26%	26%	27%	Unrestricted cash has reduced due to investments held for terms over three months. These investments could be accessed if liabilities fall due.
[Unrestricted cash / Current liabilities] x100					If the calculation for 2020-21 included term deposits maturing greater than three months (\$30m), the indicator would be 28%.				

Performance Statement
Financial performance indicators (continued)
for the year ended 30 June 2021

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	Results				Forecasts				
Dimension/Indicator/Measure	2018	2019	2020	2021	2022	2023	2024	2025	Material variations
Obligations									
Loans and borrowings									
Loans and borrowings compared to rates [Interest-bearing loans and borrowings / Rate revenue] x100	18%	14%	10%	6%	30%	48%	44%	40%	Our loan borrowings are moving in line with scheduled repayments. Future borrowings are scheduled across 2021-22 and 2022-23 and repayments are in line with our <i>10 Year Financial Plan</i> .
Loans and borrowings									
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest-bearing loans and borrowings / Rate revenue] x100	4%	4%	4%	3%	3%	5%	4%	4%	
Indebtedness									
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	13%	10%	10%	9%	23%	38%	34%	30%	Non-current liabilities have decreased in 2021-22 due to the scheduled repayment of existing loans. In 2022 and 2023 non-current liabilities will increase due to new loan borrowings that have been provided to fund major capital works projects.
Asset renewal and upgrade									
Asset renewal and upgrade compared to depreciation [Asset renewal and upgrade expenses / Asset depreciation] x100	New in 2020	New in 2020	120%	89%	223%	233%	112%	115%	The 2021 indicator reflects the difficulties in completing our scheduled capital works program during the pandemic restrictions. Large spends on capital works are expected in 2021-22 and 2022-23 including construction of several major strategic projects.

Financial performance indicators (continued)
for the year ended 30 June 2021

Definitions

"adjusted underlying revenue" means total income other than:

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

(b) non-monetary asset contributions; and

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by Council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

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

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

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

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

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014* (as per the transitional provisions of the *Local Government Act 2020*).

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

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

The forecast figures included in the performance statement are those adopted by council in its Financial Plan on 29 June 2021. The Financial Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Financial Plan is available on Council's website : www.gleneira.vic.gov.au
