



CITY OF PORT PHILLIP

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 June 2023**

CITY OF PORT PHILLIP FINANCIAL REPORT

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Certification of the Financial Statements

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

Peter Liu CPA
Principal Accounting Officer

Date: 8 September 2023
St Kilda

In our opinion, the accompanying financial report presents fairly the financial transactions of the City of Port Phillip for the year ended 30 June 2023 and the financial position of the Council as at that date.

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

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

Heather Cunsolo
Mayor & Councillor

Date: 8 September 2023
St Kilda

Andrew Bond
Councillor

Date: 8 September 2023
St Kilda

Chris Carroll
Chief Executive Officer

Date: 8 September 2023
St Kilda

Comprehensive Income Statement for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income/ Revenue			
Rates and charges	3.1	140,636	137,264
Statutory fees and fines	3.2	22,979	18,803
User fees	3.3	39,817	33,735
Grants - operating	3.4	15,651	17,160
Grants - capital	3.4	2,292	5,448
Contributions - monetary	3.5	4,453	10,005
Contributions - non-monetary	3.5	1,166	8
Other income	3.7	27,331	21,093
Total Income/ Revenue		254,325	243,516
Expenses			
Employee costs	4.1	98,159	91,413
Materials and services	4.2	89,265	76,550
Depreciation	4.3	20,124	19,752
Amortisation - Right of use assets	4.4	697	870
Bad and doubtful debts - allowance for impairment losses	4.5	4,145	4,537
Borrowing costs	4.6	-	129
Finance costs - Leases	4.7	47	53
Other expenses	4.8	17,021	16,262
Net loss on disposal of property, infrastructure, plant and equipment	3.6	837	7,325
Share of net losses of associates and joint ventures	6.3	24	31
Total Expenses		230,319	216,922
Surplus / (Deficit) for the year		24,006	26,594
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	9.1	72,020	193,584
Total comprehensive result		96,026	220,178

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

Balance Sheet

as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents	5.1(a)	16,437	12,339
Trade and other receivables	5.1(c)	35,088	27,337
Other financial assets	5.1(b)	118,500	118,000
Non-current assets classified as held for sale	6.1	1,202	1,202
Prepayment	5.2 (a)	4,864	3,078
Other assets	5.2(a)	3,391	557
Total current assets		179,482	162,513
<i>Non-current assets</i>			
Trade and other receivables	5.1(c)	567	549
Other financial assets	5.1(b)	14,994	17,019
Investments in associates and joint ventures	6.3	215	239
Property, infrastructure, plant and equipment	6.2	3,506,851	3,427,490
Right-of-use assets	5.7	748	787
Total non-current assets		3,523,375	3,446,084
Total assets		3,702,857	3,608,597
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	5.3(a)	11,759	13,505
Trust funds and deposits	5.3(b)	6,961	7,062
Unearned income/revenue	5.3(c)	2,564	2,547
Provisions	5.4	18,055	17,953
Lease liabilities	5.7	413	592
Total current liabilities		39,752	41,659
<i>Non-current liabilities</i>			
Provisions	5.4	2,126	2,138
Lease liabilities	5.7	366	213
Total non-current liabilities		2,492	2,351
Total liabilities		42,244	44,010
Net Assets		3,660,613	3,564,587
Equity			
Accumulated surplus		641,248	630,793
Reserves	9.1(b)	3,019,365	2,933,794
Total Equity		3,660,613	3,564,587

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

Statement of Changes in Equity

for the year ended 30 June 2023

	Total	Accumulated	Revaluation	Other
	\$'000	Surplus	Reserve	Reserves
Note	\$'000	\$'000	\$'000	\$'000
2023				
Balance at beginning of the financial year	3,564,587	630,793	2,805,775	128,019
Surplus/(deficit) for the year	24,006	24,006	-	-
Net asset revaluation increment/(decrement)	9.1(a) 72,020	-	72,020	-
Transfers to other reserves	9.1(b) -	(36,357)	-	36,357
Transfers from other reserves	9.1(b) -	22,806	-	(22,806)
Balance at end of the financial year	3,660,613	641,248	2,877,795	141,570
2022				
Balance at beginning of the financial year	3,344,409	640,760	2,612,191	91,458
Surplus/(deficit) for the year	26,594	26,594	-	-
Net asset revaluation increment/(decrement)	9.1(a) 193,584	-	193,584	-
Transfers to other reserves	9.1(b) -	(57,968)	-	57,968
Transfers from other reserves	9.1(b) -	21,407	-	(21,407)
Balance at end of the financial year	3,564,587	630,793	2,805,775	128,019

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

Statement of Cash Flows

for the year ended 30 June 2023

	2023	2022
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Rates and charges	132,875	130,570
Statutory fees and fines	18,121	14,641
User fees	41,176	33,297
Grants - operating	13,499	17,456
Grants - capital	2,292	5,448
Contributions- monetary	4,453	10,005
Interest received	4,353	363
Trust funds and deposits taken	22,328	21,713
Other receipts	14,248	11,711
Net GST refund	8,810	5,804
Employee costs	(98,387)	(93,465)
Materials and services	(100,729)	(79,665)
Short term, low value and variable lease payments	(413)	(635)
Trust funds and deposits repaid	(22,429)	(22,025)
Other payments	(8,925)	(7,461)
Net cash provided by/(used in) operating activities	9.2 31,272	47,757
Cash flows from investing activities		
Payments for property, infrastructure, plant and equipment	(28,178)	(22,023)
Proceeds from sale of property, infrastructure, plant and equipment	3.6 271	10,329
Payments for investments	(133,494)	(135,019)
Proceeds from sale of investments	135,019	106,016
Net cash provided by/(used in) investing activities	(26,382)	(40,697)
Cash flows from financing activities		
Finance costs	-	(129)
Repayment of borrowings	-	(7,500)
Interest paid- lease liability	(47)	(53)
Repayment of lease liabilities	(745)	(881)
Net cash provided by/(used in) financing activities	(792)	(8,563)
Net increase/ (decrease) in cash and cash equivalents	4,098	(1,503)
Cash and cash equivalents at the beginning of the financial year	12,339	13,842
Cash and cash equivalents at the end of the financial year	16,437	12,339

Financing arrangements

5.5

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

Statement of Capital Works for the year ended 30 June 2023

	2023	2022
Note	\$'000	\$'000
Property		
Land	2,887	-
Buildings	8,689	4,566
Heritage buildings	-	-
Building improvements	-	-
Total buildings	11,576	4,566
Total property	11,576	4,566
Plant and equipment		
Heritage plant and equipment	150	-
Plant, machinery and equipment	3,794	3,289
Fixtures, fittings and furniture	505	664
Computers and telecommunications	493	826
Library books	971	876
Total plant and equipment	5,913	5,655
Infrastructure		
Roads	1,782	1,758
Bridges	64	137
Footpaths and cycleways	2,307	2,380
Drainage	1,496	559
Parks, open space and streetscapes	5,190	6,959
Off street car parks	-	-
Other infrastructure	1,016	-
Total infrastructure	11,855	11,793
Total capital works expenditure	29,344	22,014
Represented by:		
New asset expenditure	5,043	1,383
Asset renewal expenditure	11,372	11,223
Asset expansion expenditure	3,909	792
Asset upgrade expenditure	9,020	8,616
Total capital works expenditure	29,344	22,014

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

Notes to the Financial Report for the year ended 30 June 2023

Note 1 OVERVIEW

Introduction

The City of Port Phillip (the "Council") was established by an Order of the Governor in Council on 22 June 1994 and is a body corporate. The Council's main office is located at 99a Carlisle St, St Kilda.

Statement of compliance

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

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

Significant accounting policies

1.1 Basis of accounting

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

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 6.2)
- the determination of employee provisions (refer to note 5.4).
- 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 5.7)
- other areas requiring judgements

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

Goods and Services Tax (GST)

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

Notes to the Financial Report for the year ended 30 June 2023

Note 2 ANALYSIS OF OUR RESULTS

Note 2.1 Performance against budget

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

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

2.1.1 Income/ Revenue and Expenditure	Budget 2023 \$'000	Actual 2023 \$'000	Variance 2023 \$'000	Variance 2023 %	Ref
Income					
Rates and charges	139,660	140,636	976	0.70%	1
Statutory fees and fines	21,650	22,979	1,329	6.14%	2
User fees	38,858	39,817	959	2.47%	3
Grants - operating	8,928	15,651	6,723	75.30%	4
Grants - capital	5,700	2,292	(3,408)	-59.79%	5
Contributions - monetary	6,111	4,453	(1,658)	-27.13%	6
Contributions - non-monetary	-	1,166	1,166	0.00%	7
Other income	23,288	27,331	4,043	17.36%	8
Total income	244,195	254,325	10,130	4.15%	
Expenses					
Employee costs	99,126	98,159	967	0.98%	9
Materials and services	96,391	89,265	7,126	7.39%	10
Depreciation	22,501	20,124	2,377	10.56%	11
Amortisation - Right of use assets	857	697	160	18.67%	
Bad and doubtful debts - allowance for impairment losses	4,691	4,145	546	11.64%	12
Borrowing costs	-	-	-	0.00%	
Finance costs - Leases	28	47	(19)	-67.86%	
Other expenses	19,247	17,021	2,226	11.57%	13
Net loss on disposal of property, infrastructure, plant and equipment	4,733	837	3,896	82.32%	14
Share of net profits losses of associates and joint ventures	-	24	(24)	0.00%	
Total expenses	247,574	230,319	17,255	6.97%	
Surplus for the year	(3,379)	24,006	27,385	-810.4%	

Notes to the Financial Report for the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

2.1.1 (i) Income and Expenditure - Explanation of Material Variances

Ref	Item	Explanation
1	Rates and charges	The favourable variance of \$1.0 million is mainly due to the change in number and attributes of rateable properties during the financial year.
2	Statutory fees and fines	The favourable variance of \$1.33 million is largely due to increased income generated from parking infringements due to higher volumes of traffic activity along our foreshore and tourist areas over the summer period, returning to a 'covid normal' environment.
3	User fees	The favourable variance of \$0.96 million is predominately caused by a \$1.7 million increase in paid parking due to improved utilisation at South Melbourne Market Rooftop and foreshore precincts and minor improvement in parking permits (temporary visitors) offset by \$0.9 million decrease in childcare fees due to low utilisation of the service (offset by reduced employee costs).
4	Grants - Operating	The favourable variance of \$6.7 million is largely due to funding paid in advance including: <ul style="list-style-type: none"> • \$3 million for the 2023/24 Victoria Grants Commission instalment • \$1.2m for Middle Park Beach renourishment works and additional granting received (offset by additional expenditure) including: <ul style="list-style-type: none"> • \$0.9 million for the graffiti mitigation program, 'Urban Canvas Mural Festival' • \$0.65 million from the Victorian Government to fund the St Kilda Festival
5	Grants - capital	The decrease in capital grants against budget occurred due to project delays resulted from project scope update, particularly in funding footpaths and cycleways, parks and open space. Capital grants are generally paid by instalments once works are completed.
6	Contributions - monetary	The unfavourable variance of \$1.7 million is due to lower than expected property development within the municipality resulting in lower collection of developer contributions. All funds received for developer contributions have been ringfenced in Open Space Reserve for future public space enhancements to cater population growth.
7	Contributions - non-monetary	The favourable variance of \$1.2 million is due to the recognition of contributed asset includings North Port Oval Lighting
8	Other Income	The favourable variance of \$4.0 million has largely resulted from additional interest income of \$0.32 million resulting from increased interest income as a result of higher average interest rates compared to budget and higher anticipated cash available for investment (term deposits) due to delayed project delivery.

Notes to the Financial Report for the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

2.1.1(i) Income and Expenditure - Explanation of Material Variances (continued)

Ref	Item	Explanation
9	Employee costs	The favourable variance of \$1 million is mainly due to ongoing enterprise vacancies during the year which continues to impact service delivery, including funded aged care services and childcare.
10	Materials and services	The favourable variance of \$7 million is due lower operating spend reallocated from the capital portfolio (such as feasibility studies, landscaping and design costs where the project does not proceed), as a result of project deferments. In addition, higher inflationary pressures were felt in that later part of 2022/23 with the full impact expected in 2023/24.
11	Depreciation	The favourable variance of \$2.4 million is predominately caused by delayed project delivery and reduced capital expenditure (works deferred to 2023/24 and future years). Depreciation will increase as capital works are completed in future years.
12	Bad and doubtful debts	The favourable variance of \$0.5 million is mainly due to improved collections of parking infringements issued.
13	Other Expenses	The favourable variance of \$2 million is predominately caused by timing of payments for the In Our Back Yard Strategy (Wellington Street Project), the payment has been delayed to 23/24 (funds ringfenced in reserves)
14	Net loss on disposal of property, infrastructure, plant and equipment	The favourable variance of \$3.8 million was mainly due to timing of divestment of council assets which did not proceed in 2022/23 (delayed to future years).

Notes to the Financial Report for the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

2.1.2 Capital Works	Budget	Actual	Variance	Variance	Ref
	2023	2023	2023	2023	
	\$'000	\$'000	\$'000	%	
Property					
Land	-	2,887	2,887	100%	1
Total land	-	2,887	2,887	100%	
Buildings	18,729	8,689	(10,040)	-54%	2
Total buildings	18,729	8,689	(10,040)	-54%	
Total property	18,729	11,576	(7,153)	-38%	
Plant and equipment					
Heritage plant and equipment	-	150	150	0%	
Plant, machinery and equipment	3,825	3,794	(31)	-1%	
Fixtures, fittings and furniture	846	505	(341)	-40%	3
Computers and telecommunications	970	493	(477)	-49%	4
Library books	952	971	19	2%	
Total plant and equipment	6,593	5,913	(680)	-10%	
Infrastructure					
Roads	3,047	1,782	(1,265)	-42%	5
Bridges	255	64	(191)	-75%	
Footpaths and cycleways	3,978	2,307	(1,671)	-42%	6
Drainage	2,261	1,496	(765)	-34%	7
Parks, open space and streetscapes	13,563	5,190	(8,373)	-62%	8
Other infrastructure	-	1,016	1,016	100%	9
Total infrastructure	23,104	11,855	(11,249)	-49%	
Total capital works expenditure	48,426	29,344	(19,082)	-39%	
Represented by:					
New asset expenditure	5,179	5,043	(136)	-3%	11
Asset renewal expenditure	19,206	11,372	(7,834)	-41%	12
Asset expansion expenditure	20,651	3,909	(16,742)	-81%	13
Asset upgrade expenditure	3,389	9,020	5,631	166%	14
Total capital works expenditure	48,425	29,344	(19,081)	-39%	

Notes to the Financial Report for the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

2.1.2(i) Capital Works - Explanation of Material Variances

Ref	Item	Explanation
1	Land	Net overspend of \$2.9 million is due to two land purchases brought forward from future years (funded from open space reserves).
2	Building	Net underspend of \$10 million is mainly due to building projects deferred to 2023/24 and future years. Key reasons for the deferrals include supply chain and resource shortages, delays in external approvals and updated project scopes. This includes delays in delivering projects EcoCentre redevelopment, South Melbourne Town Hall Renewal Upgrade, and Access Control Renewal Council Buildings.
3	Fixtures, fittings and furniture	Net underspend of \$0.3 million is due to minor deferrals associated with the Workplace Renewal and Upgrade Program due to delays in procurement.
4	Computers and telecommunications	Net underspend of \$0.5 million as ICT Core Infrastructure work was partially re-prioritised as operating works and not capital in 2023/24 through development of the Data Centre Modernisation project.
5	Roads	Net underspend of \$1.25 million is mainly due to projects deferred to 2023/24 and future years. Key reasons for the deferrals include supply chain and resource shortages, delays in external approvals and updated project scopes.
6	Footpaths and cycleways	Net underspend of \$1.6 million mainly due to project deferrals as a result of project scope update (Domain Precinct - Park St Bike Link).
7	Drainage	Net underspend of \$0.7 million mainly due to Storm Water Capital Works project deferrals due to the refinement of the project scope.
8	Parks, open space and streetscapes	Net underspend of \$8.3 million predominately due to project deferrals as a result of project scope update and resource shortages. This includes Palais theatre and Luna Park Precinct, Moubray Street Community Park, Elwood Foreshore and Gasworks Arts Park Reinstatement.
9	Other Infrastructure	Net overspend of \$1 million due to Stadium lighting works funded and contributed by Port Melbourne Football Club.

Notes to the Financial Report for the year ended 30 June 2023

Note 2.1 Performance against budget (continued)

2.1.2(i) Capital Works - Explanation of Material Variances (continued)

Ref	Item	Explanation
11	New asset expenditure	Under expenditure of \$0.2 million on new asset primarily relate to deferral of open space and building expenditure.
12	Asset renewal expenditure	Under expenditure of \$7.8 million mainly due to deferral of building renewal works program to future years to address the impacts of resourcing and supply chain shortages, delays with external approvals and project scope changes.
13	Asset expansion expenditure	Under expenditure of \$11.6 million mainly due to deferral of open space and building programs to future years to address the impacts of resourcing and supply chain shortages, delays with external approvals and project scope changes.
14	Asset upgrade expenditure	Minor unfavourable variance of \$0.5 million mainly due to re-allocation of spend between expansion and upgrade expenditure.

Notes to the Financial Report for the year ended 30 June 2023

Note 2.2 Analysis of Council results by program

In the 2022/23 financial year, Council restructured the organisation in order to realign services and create process efficiencies and long term savings. The new divisional structure is outlined at 2.2.1 and the 2021/22 results in 2.2.2 have been restated to reflect the new structure.

Council delivers its functions and activities through the following programs.

2.2.1 Community Wellbeing and Inclusion

The Community Wellbeing and Inclusion division is responsible for a range of high-quality services, programs and places that improve the lives of all who live, work, learn and play in our city. Services are for all, from two days old to older age.

This division has a responsibility to ensure that people who face barriers to improving their lives and participating in all that the City offers can do so.

Our staff are a mix of people who provide high-quality front-line services, design and fund community-wide interventions as well as planners and policy developers who ensure that our settings and public spaces maximise wellbeing and participation. Our people reflect the great diversity of Port Phillip, and we welcome all with openness and a generous spirit.

We are passionate, committed to delivering public value, and driven by evidence. This means that our programs will be effective and deliver improved outcomes for the community.

City Growth and Development

This division provides public safety, communications, sustainability and city development and planning services.

They lead the Council's focus on recovery for our City from the impact of COVID-19 on business, events, tourism, the arts and live music.

Leads Statutory Planning, planning and building solutions, the impacts of new development and changes in land use, and the protection of Port Phillip's character and heritage.

Supports economic growth in the municipality through culture, activation and promotion of the many unique places in the City of Port Phillip.

Incorporates placemaking, planning legislation, urban design, and heritage developing the strategies for our future City.

Champions a sustainable future for the City through strategies, community programs and infrastructure.

Leads the delivery of transport projects that make it easy for people to move around in a way that suits them as our City grows.

Leads the program delivery of Fishermans Bend, Australia's largest urban renewal area.

Focuses on services that ensure community safety and amenity throughout the City.

Delivers Council's Festivals program and manages the Esplanade Market.

Notes to the Financial Report for the year ended 30 June 2023

Note 2.2 Analysis of Council results by program (continued)

2.2.1 (continued)

Operations and Infrastructure

The Operations and Infrastructure division provides asset management, infrastructure management and maintenance, project delivery and financial support to the organisation. We work with our community and other stakeholders to build, maintain and manage our City's infrastructure, deliver quality services and projects all retaining the unique look and feel of our parks, villages and streets. We incorporate environmental sustainability into our practices, and ensure that our impact is reduced through new initiatives to maintain our City and our assets leaving the City in a better place for our community.

Our team works across 4 departments. Our staff aim to provide the best customer experience to our residents and visitors with each interaction. Not only does this include when residents contact us for a request, but also when walking down the street, into our parks, Council facilities and onto our foreshore.

The Division's priorities include getting the most from our investment in assets, delivering high quality services and ensuring the financial sustainability of Council.

Governance, Capability & Experience

The division provides oversight for Council governance, organisational performance, customer experience, staff management and safety, provides technology services and South Melbourne Market operations.

Responsible for services including advice on governance issues, Council meetings, administrative support to Councillors, Freedom of Information as well as Privacy.

Responsible for embedding a customer-centric mindset across the organisation and creating a true connection between our team and our customers.

Enables our employees an experience where they feel welcomed, safe, informed and equipped to contribute and perform at their best.

Design the technology approach for the organisation, support staff to use technology, manage all core applications, develop IT solutions, reports and dashboards, maintain Council's records and ensure compliance with data retention and support continuous improvement in relation to technology within the organisation.

Manages all elements of the operations, marketing and licensing of the South Melbourne Market.

Notes to the Financial Report for the year ended 30 June 2023

Note 2 Analysis of Council results by program

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

	Income/ Revenue \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income/ revenue \$'000	Total Assets \$'000
2023					
Governance, Capability & Experience	8,345	33,535	(25,190)	59	528,730
Community Wellbeing and Inclusion	16,300	40,808	(24,508)	7,099	643,402
Operations and Infrastructure	172,305	106,350	65,955	9,441	1,748,309
City Growth and Development	57,375	49,626	7,749	1,344	782,417
	254,325	230,319	24,006	17,943	3,702,857
	Income/ Revenue \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income/ revenue \$'000	Total Assets \$'000
2022					
Governance, Capability & Experience	7,708	30,818	(23,110)	100	512,673
Community Wellbeing and Inclusion	17,681	39,146	(21,465)	7,946	651,204
Operations and Infrastructure	164,260	101,882	62,378	13,349	1,694,861
City Growth and Development	53,867	45,076	8,791	1,213	749,859
	243,516	216,922	26,594	22,608	3,608,597

* 2022 figures have been restated to reflect the organisational structure as at 30 June 2023.

Notes to the Financial Report for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES**3.1 Rates and charges**

Council uses CIV (Capital Improved Value) as the basis of valuation for rating purposes of all properties within the municipal district. The CIV of a property is the value of the property including both land and all improvements. The 2022/23 financial year is the first reporting period Council has used CIV as the valuation basis. In prior years Net Annual Value (NAV) was used.

The valuation base used to calculate general rates for 2022/2023 was \$74.7 billion (2021/2022 was \$69 billion - noting this was using previously calculated using a Net Annual Value NAV calculation).

General Rates	125,196	134,631
Waste management charge	13,559	408
Special rates and charges	677	684
Special rates and charges applied	(732)	(782)
Supplementary rates and rate adjustments	1,349	1,458
Interest on rates and charges	587	865
Total rates and charges	140,636	137,264

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

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

Council separated waste charges from general rates in 2022/23 at income neutral in accordance with State Government guidelines.

3.2 Statutory fees and fines

Parking fines and parking permits	18,789	14,747
Infringements and costs	312	213
Court recoveries	31	24
Town planning fees	1,784	1,805
Land information certificates	224	279
Permits	1,839	1,735
Total statutory fees and fines	22,979	18,803

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

3.3 User fees

Parking fees	19,106	15,648
Aged and health services	439	415
Leisure centre and recreation	929	352
Child care/children's programs	9,105	9,113
Registration and other permits	7,119	5,288
Building services	1,043	977
Waste management services	284	294
Markets	745	564
Towing	819	893
Other fees and charges	228	191
Total user fees	39,817	33,735

User fees by timing of revenue recognition

User fees recognised over time	-	-
User fees recognised at a point in time	39,817	33,735
Total user fees	39,817	33,735

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.

Notes to the Financial Report for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (CONTINUED)		
3.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	7,208	10,554
State funded grants	10,735	12,053
Total grants received	17,943	22,607
a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Aged care	242	332
Community health	445	796
General home care	2,240	3,291
Recreation	69	-
Financial Assistance Grants	3,809	3,929
<i>Recurrent - State Government</i>		
Aged care	11	27
Community health	125	152
Family and children	1156	891
General home care	603	566
Libraries	767	756
Maternal and child health	846	956
Other	687	347
Recreation	45	50
School crossing supervisors	199	167
Total recurrent operating grants	11,244	12,260
<i>Non-recurrent - Commonwealth Government</i>		
Community health	13	6
Family and children	55	57
General home care	-	42
Other	30	6
<i>Non-recurrent - State Government</i>		
Building	176	-
Community health	468	208
Family and children	133	5
General home care	107	56
Libraries	22	-
Maternal and Child Health	-	-
Other	1339	3,768
Parks and Streetscapes	1072	-
Recreation	671	752
Sustainability	321	-
Total non-recurrent operating grants	4,407	4,900
Total operating grants	15,651	17,160

Notes to the Financial Report for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (CONTINUED)		
3.4 Funding from other levels of government (continued)		
b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	278	278
Total recurrent capital grants	278	278
<i>Non-recurrent - Commonwealth Government</i>		
Building	-	180
Footpath and cycleway	-	594
Other	-	-
Parks and Streetscapes	-	977
Roads	28	66
<i>Non-recurrent - State Government</i>		
Building	1,111	2,654
Footpath and cycleway	150	227
Other	-	-
Parks and streetscapes	542	444
Recreation	3	-
Roads	180	28
Total non-recurrent capital grants	2,014	5,170
Total capital grants	2,292	5,448

Notes to the Financial Report for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
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Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (CONTINUED)**3.4 Funding from other levels of government (continued)****c) Recognition of grant income**

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

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

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

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

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

General purpose	4,151	4,394
Specific purpose grants to acquire non-financial assets	2,419	4,827
Other specific purpose grants	7,559	6,207
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	3,814	7,179
	17,943	22,607

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

Balance at start of year	3,712	4,228
Received during the financial year and remained unspent at balance date	4,441	2,850
Received in prior years and spent during the financial year	(2,866)	(3,366)
Balance at year end	5,287	3,712

Capital

Balance at start of year	5,298	3,419
Received during the financial year and remained unspent at balance date	2,400	4,062
Received in prior years and spent during the financial year	(1,511)	(2,183)
Balance at year end	6,187	5,298

Unspent grants are determined and disclosed on a cash basis.

Notes to the Financial Report for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (CONTINUED)		
3.5 Contributions		
Monetary	4,453	10,005
Non-monetary	1,166	8
Total contributions	5,619	10,013

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

Other infrastructure	1,016	8
Heritage plant and equipment	150	
Total non-monetary contributions	1,166	8

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

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

Proceeds of sale	271	10,329
Written down value of assets disposed	(1,108)	(17,654)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(837)	(7,325)

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

3.7 Other income

Interest	4,699	709
Property rental*	12,793	12,074
Other rent	7,092	5,354
Other	2,747	2,956
Total other income	27,331	21,093

Interest is recognised as it is earned.

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

* Property rental includes the non-cash adjustment for rental subsidies provided by Council to community groups. This is offset by the subsidised rent expenditure reported in Other expenses (Note 4.8).

Notes to the Financial Report for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Note 4 THE COST OF DELIVERING SERVICES		
4.1 (a) Employee costs		
Wages and salaries	69,633	66,065
WorkCover	1,212	1,254
Casual, temporary and agency staff	9,049	8,054
Superannuation	8,368	7,477
Fringe benefits tax	274	269
Annual and long service leave	9,250	7,777
Other	373	517
Total employee costs	98,159	91,413
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	301	307
	301	307
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,205	3,906
Employer contributions - other funds	3,862	3,264
	8,067	7,170
Employer contributions payable at reporting date.	-	-
Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.		

Notes to the Financial Report for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 4 THE COST OF DELIVERING SERVICES (CONTINUED)		
4.2 Materials and Services		
Waste management contracts	15,683	13,180
Maintenance and construction contracts	13,932	11,460
Parks and gardens contract	10,351	9,830
Consultants	8,901	7,640
Family and community support contracts	6,308	5,814
Parking administration contracts	6,544	5,702
Building and general maintenance	4,893	3,996
Office administration	4,798	3,964
Information technology	5,120	3,858
Utilities	3,037	3,450
Cleaning contract	4,101	3,055
Insurance	2,207	2,213
Security	1,986	1,841
Other contract payments	1,404	547
Total materials and services	89,265	76,550

Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.3 Depreciation

Property	4,444	4,550
Plant and equipment	3,566	3,539
Infrastructure	12,114	11,663
Total depreciation	20,124	19,752

Refer to note 5.7 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy

4.4 Amortisation- Right of use assets

Vehicles	383	494
Property, Plant & Equipment	314	376
Total Amortisation - Right of use assets	697	870

Notes to the Financial Report for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 4 THE COST OF DELIVERING SERVICES (CONTINUED)		
4.5 Bad and doubtful debts- allowance for impairment losses		
Parking fine debtors	4,145	4,551
Other debtors	-	(14)
Total bad and doubtful debts- allowance for impairment losses	4,145	4,537
Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	30,111	26,417
New Provisions recognised during the year	7,630	6,204
Amounts already provided for and written off as uncollectible	(1,276)	(394)
Amounts provided for but recovered during the year	(3,418)	(2,116)
Balance at end of year	33,047	30,111
An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.		
4.6 Borrowing costs		
Interest - borrowings*	-	129
Total borrowing costs	-	129
* In November 2021 Council fully repaid the \$7 million Local Government Funding Vehicle loan. There are no plans for future borrowings at this time.		
Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.		
4.7 Finance costs- Leases		
Interest- Lease liabilities	47	53
Total finance cost- leases	47	53

Notes to the Financial Report for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Note 4 THE COST OF DELIVERING SERVICES (CONTINUED)		
4.8 Other expenses		
Contributions and donations*	12,496	11,525
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	86	76
Auditors' remuneration - Internal	169	186
Councillors' allowances	435	417
Operating lease rentals	413	635
Bank charges	470	533
Catering costs	193	99
Subscriptions	662	577
Other	2,097	2,214
Total other expenses	17,021	16,262

* Contributions and donations includes the non-cash adjustment for subsidised rent expenditure- the cost of rental subsidies provided by Council to community groups. This is offset by the subsidised rent income reported in Other income (Note 3.7).

Notes to the Financial Report for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Note 5 OUR FINANCIAL POSITION		
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	4	14
Cash at bank	6,433	10,325
Term deposits	10,000	2,000
Total cash and cash equivalents	16,437	12,339
(b) Other financial assets		
<i>Current</i>		
Term deposits	118,500	118,000
Total current other financial assets	118,500	118,000
<i>Non-Current</i>		
Term deposits	14,989	17,014
Shares in Municipal Associations Purchasing Scheme (MAPS)	5	5
Total non-current other financial assets	14,994	17,019
Total other financial assets	133,494	135,019
Total financial assets	149,931	147,358

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

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

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

Notes to the Financial Report for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Note 5 OUR FINANCIAL POSITION (CONTINUED)		
5.1 Financial assets (continued)		
(c) Trade and other receivables		
<i>Current</i>		
Statutory receivables		
Rate debtors	23,731	15,970
Infringement debtors	38,869	34,602
Provision for doubtful debts - infringements	(32,645)	(29,409)
Net GST receivable	2,141	2,770
Non statutory receivables		
Other debtors	3,393	4,106
Provision for doubtful debts - other debtors	(401)	(702)
Total current trade and other receivables	35,088	27,337
<i>Non current</i>		
Non statutory receivables		
Other debtors	567	549
Total non current trade and other receivables	567	549
Total trade and other receivables	35,655	27,886

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

Notes to the Financial Report for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000

Note 5 OUR FINANCIAL POSITION (CONTINUED)**5.1 Financial assets (continued)****d) Ageing of Receivables**

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

Current (not yet due)	610	78
Past due by up to 30 days	418	312
Past due between 31 and 180 days	381	393
Past due between 181 and 365 days	129	198
Past due by more than 1 year	507	558
Total trade and other receivables	2,045	1,539

e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$1.92 million (2022: \$3.12 million) were impaired. The amount of the provision raised against these debtors was \$0.40 million (2022: \$0.70 million). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	13
Past due by up to 30 days	10	1,021
Past due between 31 and 180 days	955	1,050
Past due between 181 and 365 days	255	540
Past due by more than 1 year	695	492
Total trade and other receivables	1,915	3,116

Notes to the Financial Report for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Note 5 OUR FINANCIAL POSITION (CONTINUED)		
5.2 Non-financial assets		
(a) Other assets		
Prepayments	4,864	3,078
Accrued income	3,391	557
Total other assets	8,255	3,635
5.3 Payables, trust funds and deposits and unearned income/revenue		
(a) Trade and other payables		
Trade payables	11,537	13,265
Accrued expenses	222	240
Total trade and other payables	11,759	13,505
(b) Trust funds and deposits		
Refundable deposits	892	995
Fire Services Levy	1,053	1,145
Other refundable deposits	5,016	4,922
Total trust funds and deposits	6,961	7,062
(c) Unearned income/ revenue		
Grants received in advance- operating	1,396	440
Other	1,168	2,107
Total unearned income	2,564	2,547

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

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

Purpose and nature of items

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

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

Notes to the Financial Report for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 5 OUR FINANCIAL POSITION (CONTINUED)		
5.4 Provisions		
Balance at beginning of the financial year	19,611	20,434
Additional provisions	9,267	8,632
Amounts used	(8,893)	(8,928)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(241)	(527)
Balance at the end of the financial year	19,744	19,611
Provisions- current	18,055	17,953
Provisions- non-current	2,126	2,138
(a) Employee Provisions		
<i>Current provisions expected to be wholly settled within 12 months</i>		
Annual leave	4,988	5,007
Long service leave	9,284	8,784
Retirement gratuity	10	14
Other	510	697
	14,792	14,502
<i>Current provisions expected to be wholly settled after 12 months</i>		
Annual leave	2,977	3,091
Retirement gratuity	85	120
	3,062	3,211
Total current employee provisions	17,854	17,713
<i>Non-current</i>		
Long service leave	1,920	1,898
Total non-current employee provisions	1,920	1,898
Aggregate carrying amount of employee benefits		
Current	17,854	17,713
Non-current	1,920	1,898
Total aggregate carrying amount of employee provisions	19,774	19,611

Notes to the Financial Report for the year ended 30 June 2023

Note 5 OUR FINANCIAL POSITION (CONTINUED)

5.4 Provisions (continued)

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

Annual leave

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

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

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

Long service leave

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

	2023 \$'000	2022 \$'000
Key assumptions:		
- discount rate	4.06%	3.37%
- inflation	4.35%	3.85%
(b) Other Provisions		
Current		
Council rates waivers**	201	240
	201	240
Non Current		
Workcover MAV insurance scheme shortfall*	206	240
	206	240
Total Other Provisions	407	480

* Council was a participant in the MAV self insurance WorkCare scheme. The agreement states that each participant is liable for contributions to the Scheme to the extent of their share of any shortfall in the provision and such liability shall continue until June 2027 whether or not the participant remained a participant in future insurance years. The scheme has now ceased however we were advised in June 2020 of a funding shortfall and provided for an initial \$1.499 million, and a further 0.24 million in 21/22 which has been drawn down on as the fund is wound up. No additional provision has been raised at 30 June 2023.

** In 2021/22 Council endorsed a rates hardship waiver program due to the COVID 19 pandemic. The policy enables ratepayers to apply for waivers retrospectively therefore Councils obligation to pay will continue into 2022/23 financial year, and a \$0.24 million provision was been recognised at 2021/22.

Notes to the Financial Report for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Note 5 OUR FINANCIAL POSITION (CONTINUED)		
5.5 Financing arrangements		
The Council has the following funding arrangements in place as at 30 June 2023		
Bank overdraft	1,500	1,500
Credit card facilities	167	167
Purchasing card facilities	2,000	2,000
Total facilities	3,667	3,667
Used facilities	83	61
Unused facilities	3,750	3,606

Notes to the Financial Report for the year ended 30 June 2023

Note 5 OUR FINANCIAL POSITION (CONTINUED)

5.6 Commitments

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

a) Commitments for expenditure

2023	Not later	Later than 1	Later than 2	Later than 5	Total
	than 1 year	year and not	years and	years	
	\$'000	later than 2	not later than	years	\$'000
		years	5 years		
		\$'000	\$'000	\$'000	\$'000
Operating					
Garbage collection and recycling	23,018	19,548	30,468	30,303	103,337
Open space management	10,681	51	102	102	10,936
Computers and technology	5,890	4,227	3,939	113	14,169
Building maintenance	5,243	4,694	8,610	4,262	22,809
Operational services	4,815	3,910	6,317	1,704	16,746
Community Services	3,447	2,344	1,267	-	7,058
Cleaning contracts for council buildings	1,595	1,220	1,522	-	4,337
Consultancies	636	206	106	-	948
Total	55,325	36,200	52,331	36,484	180,340
Capital					
Parks, open spaces & streetscapes	1,486	120			1,606
Plant, machinery and equipment	414	34			448
Roads	277	38			315
Buildings	5,464	2,346	14		7,824
Total	7,641	2,538	14	-	10,193
TOTAL	62,966	38,738	52,345	36,484	190,533

Notes to the Financial Report for the year ended 30 June 2023

Note 5 OUR FINANCIAL POSITION (CONTINUED)

5.6 Commitments

a) Commitments for expenditure (continued)

2022	Not later	Later than 1	Later than 2	Later than 5	Total
	than 1 year	year and not	years and		
	\$'000	later than 2	not later than	years	\$'000
		years	5 years	\$'000	\$'000
Operating					
Open space management	12,987	9,741	-	-	22,728
Garbage collection and recycling	7,265	5,670	4,173	-	17,108
Computers and technology	5,149	3,994	6,356	-	15,499
Building maintenance	4,306	4,178	12,522	60	21,066
Community Services	3,098	924	1,024	4,174	9,220
Operational services	1,480	749	1,349	-	3,578
Cleaning contracts for council buildings	1,391	1,135	2,554	-	5,080
Consultancies	382	177	-	-	559
Total	36,058	26,568	27,978	4,234	94,837
Capital					
Parks, open spaces & streetscapes	1,458	141	-	-	1,599
Plant, machinery and equipment	348	-	-	-	348
Fixtures, fittings and furniture	269	-	-	-	269
Buildings	4,637	1,378	-	-	6,015
Total	6,712	1,519	-	-	8,231
TOTAL	42,770	28,087	27,978	4,234	103,068

b) Operating lease receivables

Council has entered into leases and licences for some of the property it owns or controls as a Committee of Management for crown land. Properties used for commercial purpose are held under leases which have varying terms. Long term leases usually reflect significant private investment in the buildings on the land. Most leases include an annual rental increase and periodical reviews to market. Council also enters into licence agreements with stallholders at the South Melbourne Market.

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

	2023	2022
	\$'000	\$'000
Not later than one year	10,703	10,558
Later than one year and not later than five years	35,364	32,060
Later than five years	64,855	68,234
	110,922	110,852

Notes to the Financial Report for the year ended 30 June 2023

Note 5 OUR FINANCIAL POSITION (CONTINUED)

5.7 Leases

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

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

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

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

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

Notes to the Financial Report for the year ended 30 June 2023

Note 5 OUR FINANCIAL POSITION (CONTINUED)

5.7 Leases (continued)

Right-of-Use Assets	Vehicles	Property	Plant & Equipment	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	666	156	(35)	787
Re-allocation between classes	(94)	-	94	-
Additions	299	-	370	669
Disposals	(1)	-	(9)	(10)
Amortisation charge	(451)	(144)	(103)	(698)
Balance at 30 June 2023	419	12	317	748

Lease Liabilities	2023	2022
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	441	612
One to five years	394	219
More than five years	0	-
Total undiscounted lease liabilities as at 30 June 2023	835	831
Lease liabilities included in the Balance Sheet at 30 June:		
Current	413	592
Non-current	366	213
Total lease liabilities	779	805

Notes to the Financial Report for the year ended 30 June 2023

Note 5 OUR FINANCIAL POSITION (CONTINUED)

5.7 Leases (continued)

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property and machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD \$5,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2023 \$'000	2022 \$'000
Expenses relating to:		
Short-term leases	402	614
Leases of low-value assets	11	21
Total	413	635

Variable lease payments (not included in measurement of lease liabilities)

Variable lease payments

Total	126	65
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Variable lease payments are those that depend on an index or a rate, for example payments linked to the consumer price index, a benchmark interest rate or changes in market rental rates.

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

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

Payable:		
Within one year	200	336
Later than one year but not later than five years	196	3
Later than 5 years	1	-
Total lease commitments	397	339

Note 6 ASSETS WE MANAGE

6.1 Non current assets classified as held for sale

Asset at carrying value	1,202	1,202
Total non-current assets classified as held for sale	1,202	1,202

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

Notes to the Financial Report for the year ended 30 June 2023

Note 6 ASSETS WE MANAGE (CONTINUED)

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	<i>Carrying amount 30 June 2022</i>	<i>Additions</i>	<i>Contributions</i>	<i>Revaluation</i>	<i>Depreciation</i>	<i>Disposal</i>	<i>Transfers</i>	<i>Non current assets classified as held for sale</i>	<i>Carrying amount 30 June 2023</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Land	2,687,729	2,887	-	31,459	-	(42)	-	-	2,722,033
Buildings	252,482	5,705	-	18,514	(4,444)	(143)	1,980	-	274,094
Infrastructure	443,584	7,314	1,016	22,047	(12,114)	(806)	2,560	-	463,601
Plant and Equipment	32,863	4,204	150	-	(3,566)	(115)	7	-	33,543
Work in progress	10,832	8,068	-	-	-	-	(5,320)	-	13,580
	3,427,490	28,178	1,166	72,020	(20,124)	(1,106)	(773)	-	3,506,851

Summary of work in progress

	<i>Opening WIP</i>	<i>Additions</i>	<i>Transfers</i>	<i>Write Offs</i>	<i>Closing WIP</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Buildings	4,317	3,133	(1,980)	(131)	5,339
Infrastructure	6,508	4,871	(2,560)	(642)	8,177
Plant and Equipment	7	64	(7)	-	64
Total	10,832	8,068	(4,547)	(773)	13,580

Notes to the Financial Report for the year ended 30 June 2023

Note 6 ASSETS WE MANAGE (CONTINUED)

6.2 Property, infrastructure, plant and equipment (continued)

(a) Property	<i>Land- specialised</i> \$'000	<i>Buildings- specialised</i> \$'000	Total Property \$'000
At fair value 1 July 2022	2,687,729	478,157	3,165,886
Accumulated depreciation at 1 July 2022	-	(225,675)	(225,675)
WDV at beginning of financial year	2,687,729	252,482	2,940,211
Movements in fair value			
Additions	2,887	5,705	8,592
Revaluation increments/(decrements)	31,459	97,317	128,776
Disposal	(42)	(427)	(469)
Transfers	-	1,980	1,980
Non-current assets classified as held for sale	-	-	-
	34,304	104,575	138,879
Movements in accumulated depreciation			
Depreciation and amortisation	-	(4,444)	(4,444)
Accumulated depreciation of disposals	-	284	284
Revaluation increments/(decrements)	-	(78,803)	(78,803)
	-	(82,963)	(82,963)
At fair value 30 June 2023	2,722,033	582,732	3,304,765
Accumulated depreciation at 30 June 2023	-	(308,638)	(308,638)
Carrying amount	2,722,033	274,094	2,996,127

Note - all land and buildings are considered specialised by their nature.

Notes to the Financial Report for the year ended 30 June 2023

Note 6 ASSETS WE MANAGE (CONTINUED)

6.2 Property, infrastructure, plant and equipment (continued)

(b) Plant and Equipment	<i>Heritage Plant and Equipment</i>	<i>Plant, Machinery and Equipment</i>	<i>Fixtures Fittings and Furniture</i>	<i>Computers and Telecomms</i>	<i>Library Books</i>	Total Plant and Equipment	Total Works in Progress
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	23,559	9,563	2,566	4,395	6,536	46,619	10,832
Accumulated depreciation at 1 July 2022	-	(5,383)	(1,740)	(2,560)	(4,073)	(13,756)	-
WDV at beginning of financial year	23,559	4,180	826	1,835	2,463	32,863	10,832
Movements in fair value							
Additions	-	2,353	378	502	971	4,204	8,068
Contributions	150	-	-	-	-	150	-
Disposal	-	(436)	-	(2,089)	-	(2,525)	-
Write-off	-	-	-	-	-	-	(773)
Transfers	-	7	-	-	-	7	(4,547)
	150	1,924	378	(1,587)	971	1,836	2,748
Movements in accumulated depreciation							
Depreciation and amortisation	(236)	(1,444)	(416)	(700)	(770)	(3,566)	-
Accumulated depreciation of disposals	-	385	-	2,025	-	2,410	-
	(236)	(1,059)	(416)	1,325	(770)	(1,156)	-
At fair value 30 June 2023	23,709	11,487	2,944	2,808	7,507	48,455	13,580
Accumulated depreciation at 30 June 2023	(236)	(6,442)	(2,156)	(1,235)	(4,843)	(14,912)	-
Carrying amount	23,473	5,045	788	1,573	2,664	33,543	13,580

Notes to the Financial Report for the year ended 30 June 2023

Note 6 ASSETS WE MANAGE (CONTINUED)

6.2 Property, infrastructure, plant and equipment (continued)

(c) Infrastructure	Roads	Bridges	Footpaths and cycleways	Drainage	Parks, open spaces and streetscapes	Off street carparks	Other Infrastructure	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	257,326	10,129	148,786	145,131	98,657	13,479	14,259	687,767
Accumulated depreciation at 1 July 2022	(68,924)	(7,617)	(58,875)	(59,956)	(39,280)	(2,400)	(7,131)	(244,183)
WDV at beginning of financial year	188,402	2,512	89,911	85,175	59,377	11,079	7,128	443,584
Movements in fair value								
Additions	2,102	-	1,420	712	2,024	65	991	7,314
Contributions	-	-	-	-	-	-	1,016	1,016
Revaluation increments/(decrements)	18,999	696	703	-	-	6,946	2,353	29,697
Disposal	(615)	-	(443)	(92)	(306)	-	(183)	(1,639)
Transfers	1,010	-	16	315	1,219	-	-	2,560
Transfer to other asset class	-	-	-	-	-	-	-	-
	21,496	696	1,696	935	2,937	7,011	4,177	38,948
Movements in accumulated depreciation								
Depreciation and amortisation	(3,858)	(114)	(1,926)	(1,051)	(4,107)	(125)	(933)	(12,114)
Accumulated depreciation of disposals	319	-	221	26	148	-	119	833
Revaluation increments/(decrements)	(3,869)	(13)	(3,343)	-	-	(348)	(77)	(7,650)
	(7,408)	(127)	(5,048)	(1,025)	(3,959)	(473)	(891)	(18,931)
At fair value 30 June 2023	278,822	10,825	150,482	146,066	101,594	20,490	18,436	726,715
Accumulated depreciation at 30 June 2023	(76,332)	(7,744)	(63,923)	(60,981)	(43,239)	(2,873)	(8,022)	(263,114)
Carrying amount	202,490	3,081	86,559	85,085	58,355	17,617	10,414	463,601

Notes to the Financial Report for the year ended 30 June 2023

Note 6 ASSETS WE MANAGE (CONTINUED)

6.2 Property, infrastructure, plant and equipment (continued)

Acquisition

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

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

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

Asset recognition thresholds and depreciation periods	Depreciation Period	Threshold Limit \$'000
Land and land improvements		
land	-	All
land improvements	10 - 100 years	\$5,000
Buildings		
heritage buildings	100 years	\$5,000
buildings	25 - 100 years	\$5,000
building improvements	100 years	\$5,000
Plant and Equipment		
heritage plant and equipment	100 years	\$2,000
plant, machinery and equipment	4 - 7 years	\$2,000
fixtures, fittings and furniture	5 years	\$2,000
computers and telecommunications	3 - 6 years	\$2,000
library books	5 years	All
motor vehicles	5 years	All
Infrastructure		
road pavements and seals	18 - 30 years	\$5,000
road substructure	100 years	\$5,000
road formation and earthworks	250 years	\$5,000
road kerb, channel and minor culverts and other	50 years	\$5,000
bridges deck	20 - 80 years	\$5,000
bridges substructure	40 - 100 years	\$5,000
footpaths and cycleways	40 - 50 years	\$5,000
drainage	150 years	\$5,000
waste management	10 years	\$5,000
parks, open space and streetscapes	10 - 100 years	\$5,000
off street carpark	100 years	\$5,000

Depreciation and amortisation

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

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component. Straight line depreciation is charged based on the residual useful life as determined each year. Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Notes to the Financial Report for the year ended 30 June 2023

Note 6 ASSETS WE MANAGE (CONTINUED)

6.2 Property, infrastructure, plant and equipment (continued)

Repairs and maintenance

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

Valuation of land and buildings

Valuation of land and buildings were undertaken by qualified independent valuers, Daniel Angelucci AAPI (No 63494) and Sarah Morrissy AAPI (No 62894). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

The date and type of the current valuation is detailed in the following table. A revaluation was conducted in the current year for buildings. This valuation was based on fair value, being market value based on highest and best use permitted.

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

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Date of Valuation	Type of valuation
Specialised Land	-	-	2,722,033	Jun-23	Full
Buildings	-	-	274,094	Jun-23	Full
	-	-	2,996,127		

Valuation of land under roads

Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report. From 1 July 2008, Council recognises any material land under roads that comes in Council's control within the financial report at fair value.

Notes to the Financial Report for the year ended 30 June 2023

Note 6 ASSETS WE MANAGE (CONTINUED)

6.2 Property, infrastructure, plant and equipment (continued)

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Mr Mohamed El-Saafin ME (Civil).

The date and type of the current valuation is detailed in the following table. An index based revaluation was reviewed in the current year for Drainage and Parks, open spaces and streetscapes. This valuation was based on, consumer price index as shown on the Australian Bureau of Statistics website and current contract rates. A full revaluation of parks, open spaces and streetscapes will be conducted in 2023/24, and drainage assets in 2024/25.

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

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

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Date of Valuation	Type of Valuation
Roads	-	-	202,490	Jun-23	Full
Bridges	-	-	3,081	Jun-23	Full
Footpaths and cycleways	-	-	86,559	Jun-23	Full
Drainage	-	-	85,085	Jun-22	Full
Parks, open spaces and streetscapes	-	-	58,355	Jun-21	Full
Off street carparks	-	-	17,617	Jun-23	Full
Other infrastructure	-	-	10,414	Jun-23	Full
	-	-	463,601		

Valuation of heritage and works of art

Valuation of Heritage assets and works of art are undertaken by qualified independent valuers. The valuation is at market value based on current market prices for similar types of assets based on use, type and condition.

Heritage and works of art valuations as at 30 June 2022 were performed by the following independent valuers:

- Australian Art Valuers - contemporary, visual, historical and public art;
- Sainsbury Books - heritage photographs; and
- Sophie Ullin Art Advisory - historical items, artworks, monuments and memorials, mayoral robes, chains and other attire

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

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Date of Valuation	Type of Valuation
Heritage and works of art	-	-	23,473	Jun-22	Full

Notes to the Financial Report for the year ended 30 June 2023

Note 6 ASSETS WE MANAGE (CONTINUED)

6.2 Property, infrastructure, plant and equipment (continued)

Description of significant unobservable inputs into level 3 valuations

Specialised land is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 10% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1,800 and \$7,900 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis and ranges from \$330 to \$17,080 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 years to 88 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 10 years to 250 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2023 \$'000	2022 \$'000
Reconciliation of specialised land		
Parks and reserves	2,009,919	2,055,895
Commercial	343,522	314,047
Community	229,190	202,279
Council office land	139,402	115,508
Total specialised land	2,722,033	2,687,729

Notes to the Financial Report for the year ended 30 June 2023

Note 6 ASSETS WE MANAGE (CONTINUED)

6.3 Investments in associates, joint ventures and subsidiaries

a) Investments in associates

Joint Arrangement - Joint Venture

Interests in joint ventures accounted for by the equity method are:

JOINT VENTURE - ALBERT PARK HOCKEY AND TENNIS CENTRE

Background

In 1997 Council entered into a 21 year Joint Venture agreement with Wesley College, St Kilda Rd, Prahran for the maintenance and operation of the Albert Park Hockey and Tennis Centre. The Centre is located in Hockey Drive, St Kilda a part of the Albert Park Reserve and is the subject of a tenancy from the landlord Parks Victoria. A further 21 year lease between Parks Victoria, Wesley College and Council along with a further 21 Year Joint Venture Agreement between Council and Wesley, was executed in 2020.

The objective of the Joint Venture is to provide, manage and maintain the Albert Park Hockey and Tennis Centre for use by sporting clubs, schools and residents of Port Phillip municipality and the students of Wesley College. The Joint Venture Agreement provides for joint control via a Management Committee with 50% representation and 50% voting power for each of the Joint Venture parties with decisions being made by a majority vote. The Joint Venture Agreement also provides for each party to share equally in the profits or losses occurring each year and provides for an equal share of the net assets.

The Joint Venture reporting period is for the 12 months to 31 March each year.

Council has been provided with the final draft Joint Venture financial statements for the 12 months ended 31 March 2023 and these results are not expected to change. Council's carrying value in the joint venture investment represents a 50% share of the net assets and liabilities of the Albert Park Hockey & Tennis Centre as at 31 March 2023

	2023 \$'000	2022 \$'000
Fair value of Council's investment in Albert Park Hockey and Tennis Centre	215	239
<i>Council's share of accumulated surplus/(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year	239	270
Reported surplus(deficit) for year	(24)	(31)
Council's share of accumulated surplus(deficit) at end of year	215	239
<i>Movement in carrying value of specific investment</i>		
Carrying value of investment at start of year	239	270
Share of surplus(deficit) for year	(24)	(31)
Carrying value of investment at end of year	215	239
<i>Council's share of expenditure commitments</i>		
Operating commitments	15	15
Council's share of expenditure commitments	15	15
Council's share of contingent liabilities and contingent assets	nil	nil
Significant restrictions	nil	nil

Notes to the Financial Report for the year ended 30 June 2023

Note 6 ASSETS WE MANAGE (CONTINUED)

6.3 Investments in associates, joint ventures and subsidiaries (continued)

JOINT VENTURE - ALBERT PARK HOCKEY AND TENNIS CENTRE

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

For joint operations, Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

b) Community Asset Committee

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as community asset committees, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

Principles of consolidation

An assessment by management has determined that there are no consolidated entities for the 30 June 2023 reporting period.

Notes to the Financial Report for the year ended 30 June 2023

Note 7 PEOPLE AND RELATIONSHIPS

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

City of Port Phillip is the parent entity

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in Note 6.3

(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

Councillor Heather Cunsolo (Mayor from 9 November 2022)

Councillor Marcus Pearl (Mayor to 9 November 2022)

Councillor Louise Crawford

Councillor Andrew Bond

Councillor Tim Baxter

Councillor Rhonda Clark

Councillor Peter Martin

Councillor Christina Sirakoff

Councillor Robbie Nyaguy (from 1 February 2023)

Councillor Katherine Copsey (to 14 December 2022)

Other

Chief Executive Officer Chris Carroll (from 9 September 2022), General Manager- Customer, Operations & Infrastructure (to 9 September 2022)

Chief Executive Officer Peter Smith (to 9 September 2022)

General Manager City Growth & Organisational Capablity Kylie Bennetts (to 2 December 2022)

General Manager- Operations & Infrastructure Lachlan Johnson (from 9 September 2022)

General Manager Community Wellbeing & Inclusion Allison Kenwood (from 18 July 2022)

General Manager Community Wellbeing & Inclusion Anthony Keenan (to 8 July 2022)

General Manager- City Growth and Development Brian Tee (from 28 November 2022)

General Manager Governance & Organisational Capability Claire Stevens

A/General Manager Governance Capability & Experience Joanne McNeill (from 3 September 2022)

Chief Financial Officer Peter Liu

	2023	2022
	No.	No.
Total Number of Councillors	10	9
Total of Chief Executive Officer and other Key Management Personnel	10	10
Total Number of Key Management Personnel	20	19

Notes to the Financial Report for the year ended 30 June 2023

Note 7 PEOPLE AND RELATIONSHIPS (CONTINUED)

7.1 Council and key management remuneration (continued)

(c) Remuneration of Key Management Personnel

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

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

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

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

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

	2023 \$'000	2022 \$'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits**	2,408	2,495
Post- employment benefits	45	49
Other long-term benefits	182	184
Total remuneration*	2,635	2,728

** 2022/23- 3 positions were filled by multiple staff throughout the financial year as part of interim arrangements during leave and vacancy periods. 2021/22 4 positions were filled by multiple staff throughout the financial year as part of interim arrangements until permanent appointments were secured. These additional salaries are included in the 2021/22 figures as they were all key management personnel at the time of performing these roles.

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	2023 No.	2022 No.
\$10,000 - \$19,999	2	-
\$30,000 - \$39,999	4	6
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	2	1
\$70,000 - \$79,999	-	1
\$80,000 - \$89,999	-	1
\$90,000 - \$99,999	1	-
\$110,000- \$119,999	-	1
\$120,000- \$129,999	1	-
\$180,000 - \$189,999	1	2
\$190,000 - \$199,999	1	-
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	-	1
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	1	-
\$270,000 - \$279,999	2	-
\$280,000 - \$289,999	-	2
\$300,000- \$309,000	-	1
\$380,000 - \$389,999	1	-
\$400,000- \$409,999	-	1
	20	19

Notes to the Financial Report for the year ended 30 June 2023

Note 7 PEOPLE AND RELATIONSHIPS (CONTINUED)

7.1 Council and key management remuneration (continued)

(d) Senior Officer Remuneration

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

	2023 \$'000	2022 \$'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits**	3,783	2,737
Post- employment benefits	89	63
Other long-term benefits	378	258
Termination benefits	122	-
Total remuneration*	4,372	3,058

	2023 No.	2022 No.
The number of other senior staff are shown below in their relevant income bands:		
Income Range:		
\$160,000 - \$169,999	3	3
\$170,000 - \$179,999	1	2
\$180,000 - \$189,999	5	-
\$190,000 - \$199,999	3	5
\$200,000 - \$209,999	4	5
\$210,000 - \$219,999	3	-
\$220,000 - \$229,999	1	1
\$230,000 - \$229,999	1	-
\$250,000 - \$259,999	-	-
\$260,000 - \$269,999	1	-
	22	16

	\$'000	\$'000
Total Remuneration* for the reporting year for other senior staff included above, amounted to	4,372	3,058

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

Notes to the Financial Report for the year ended 30 June 2023

Note 7 PEOPLE AND RELATIONSHIPS (CONTINUED)

7.2 Related party disclosure

(a) Transactions with related parties

There are no transactions by Council with related parties.

(b) Outstanding balances with related parties

There are no outstanding balances at the end of the reporting period in relation to transactions with related parties.

(c) Loans to/from related parties

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

(d) Commitments to/from related parties

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

Notes to the Financial Report for the year ended 30 June 2023

Note 8 MANAGING UNCERTAINTIES

8.1 Contingent assets and liabilities

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

(a) Contingent assets

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

(b) Contingent liabilities

Contingent liabilities are:

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

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.

Legal matters

The Council is presently involved in a number of confidential legal matters which are being conducted through Council's solicitors. Some of these legal matters may present a liability to council through the course of the matter. Council has not presented any estimate of these amounts in these financial statements, as these matters are ongoing and any reflection of a contingent liability in relation to these matters may unfairly prejudice Council's position in relation to the outcome of these matters.

MAV Workcare

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

8.2 Changes in accounting standards

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

Notes to the Financial Report for the year ended 30 June 2023

Note 8 MANAGING UNCERTAINTIES (CONTINUED)

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

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

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

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

Interest rate movements have been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

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

- Council have a policy for establishing credit limits for the entities we 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 our investment policy.

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

There are no material financial assets which are individually determined to be impaired.

Notes to the Financial Report for the year ended 30 June 2023

Note 8 MANAGING UNCERTAINTIES (CONTINUED)

8.3 Financial instruments (continued)

c) Credit risk (continued)

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 8.1(b).

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed on the face of the balance sheet and is deemed insignificant based on prior periods data and current assessment of risk.

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

All financial liabilities are expected to be settled within normal terms of trade.

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of +2.0% and -2.0% in market interest rates (AUD) from year-end rates of 4.51%.

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.

Notes to the Financial Report for the year ended 30 June 2023

Note 8 MANAGING UNCERTAINTIES (CONTINUED)

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 3 years. The valuation is performed either by experienced council officers or independent experts.

Notes to the Financial Report for the year ended 30 June 2023

Note 8 MANAGING UNCERTAINTIES (CONTINUED)

8.4 Fair value measurement (continued)

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

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

Impairment of assets

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

8.5 Events occurring after balance date

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

Notes to the Financial Report for the year ended 30 June 2023

Note 9 OTHER MATTERS

9.1 Reserves

(a) Asset revaluation reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2023			
Property			
Land and land improvements	2,432,387	31,459	2,463,846
Buildings	117,185	18,514	135,699
	2,549,572	49,973	2,599,545
Infrastructure			
Roads	121,099	22,047	143,146
Bridges	897		897
Footpaths and cycleways	38,589		38,589
Drainage	42,244		42,244
Parks, open spaces & streetscapes	24,134		24,134
Off street carparks	8,249		8,249
Other infrastructure	3,314		3,314
	238,525	22,047	260,572
Plant and equipment			
Heritage plant & equipment	17,678		17,678
	17,678	-	17,678
Total Asset revaluation reserves	2,805,775	72,020	2,877,795
	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2022			
Property			
Land and land improvements	2,273,639	158,748	2,432,387
Buildings	91,810	25,375	117,185
	2,365,449	184,123	2,549,572
Infrastructure			
Roads	121,099		121,099
Bridges	897		897
Footpaths and cycleways	38,589		38,589
Drainage	36,184	6,060	42,244
Parks, open spaces & streetscapes	24,134		24,134
Off street carparks	8,249		8,249
Other infrastructure	3,314		3,314
	232,465	6,060	238,525
Plant and equipment			
Heritage plant & equipment	14,277	3,401	17,678
	14,277	3,401	17,678
Total Asset revaluation reserves	2,612,191	193,584	2,805,775

The asset revaluation reserve is used to record the movements in fair value of Council's assets over time.

Notes to the Financial Report for the year ended 30 June 2023

Note 9 OTHER MATTERS (CONTINUED)

9.1 Reserves

(b) Other reserves

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
2023				
<i>General Reserve</i>	86,739	31,926	(18,967)	99,698
<i>Statutory Reserves</i>				
Resort and recreation reserve	39,489	4,431	(3,839)	40,081
Contributions for car parking reserve	1,791	-	-	1,791
	41,280	4,431	(3,839)	41,872
Total Other reserves	128,019	36,357	(22,806)	141,570
2022				
<i>General Reserve</i>	59,224	47,964	(20,449)	86,739
<i>Statutory Reserves</i>				
Resort and recreation reserve	30,443	10,004	(958)	39,489
Contributions for car parking reserve	1,791	-	-	1,791
	32,234	10,004	(958)	41,280
Total Other reserves	91,458	57,968	(21,407)	128,019
2021				

	2023 \$'000	2022 \$'000
Asset revaluation reserve	2,877,795	2,805,775
Other reserves	141,570	128,019
Total Reserves	3,019,365	2,933,794

General reserve

General Reserves will be maintained at levels sufficient to ensure operational liquidity and for contingencies. The general reserve also comprises allocations made by the council for the purpose of funding major medium term expenditure initiatives and future commitments that relate to the unexpended portion of government grants received.

Resort and recreation reserve

The resort and recreation reserve is for the accumulation of developer contributions which are to be expended at a future date on recreational infrastructure.

Contributions for car parking reserve

The car parking reserve is for the accumulation of developers contributions which are to be expended at a future date on improved car parking facilities.

Notes to the Financial Report for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Note 9 OTHER MATTERS (CONTINUED)		
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	24,006	26,594
Depreciation/amortisation	20,821	20,622
(Profit)/loss on disposal of property, infrastructure, plant and equipment	837	7,325
Contributions - non-monetary assets	(1,166)	(8)
Other	884	835
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(7,751)	(7,178)
(Increase)/decrease in prepayments	(1,786)	(895)
(Increase)/decrease in accrued income	(2,834)	(261)
Increase/(decrease) in trade and other payables	(1,746)	2,877
Increase/(decrease) in unearned income /revenue	18	-
(Decrease)/increase in other liabilities	(101)	(312)
Increase/(decrease) in provisions	90	(1,842)
Net cash provided by operating activities	31,272	47,757

9.3 Superannuation

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

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10.0%).

Defined Benefit

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

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

Notes to the Financial Report for the year ended 30 June 2023

Note 9 OTHER MATTERS (CONTINUED)

9.3 Superannuation (continued)

Funding arrangements

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

A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the VBI were:

Net investment returns	5.7% p.a.
Salary information	2.75% p.a.
Price inflation (CPI)	2.25%.p.a

As at 30 June 2022, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.2%. The financial assumptions used to calculate the VBI were:

Net investment returns	5.57% p.a.
Salary information	2.5% p.a.to 30 June 2023, and 3.5% p.a.thereafter
Price inflation (CPI)	3.0%.p.a

City of Port Phillip was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021)

Vision Super has advised that the estimated VBI at June 2023 was 104.1%

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

Regular contributions

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

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

Notes to the Financial Report for the year ended 30 June 2023

Note 9 OTHER MATTERS (CONTINUED)

9.3 Superannuation (continued)

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 2022 interim actuarial investigation surplus amounts

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

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

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

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

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

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

Notes to the Financial Report for the year ended 30 June 2023

Note 9 OTHER MATTERS (CONTINUED)

9.3 Superannuation (continued)

The 2023 triennial actuarial investigation

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

	2023 Triennial investigation	2020 Triennial investigation
Net investment return	5.7% p.a.	5.6% p.a.
Salary inflation	3.50% p.a.	2.50% p.a. for the first tw
Price inflation		2.80% 2.00%

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2023 \$,000	2022 \$,000
Vision super	Defined benefit	10.5% (2022:10.0%)	301	307
Vision super	Accumulation fund	10.5% (2022:10.0%)	4,205	3,906

Council has not paid any unfunded liability payments to Vision Super during the 2022/23 year (2021/22 \$nil).

	2023 \$,000	2022 \$,000
Contributions outstanding at reporting date	99	95

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$293,176

NOTE 10 CHANGE IN ACCOUNTING POLICY

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

Glossary

Item	Explanation
Accrual accounting	System of accounting where items are brought to account and included in the Financial Statements as they are earned or incurred, rather than as they are received or paid.
Accumulated surplus	The value of all net assets accumulated over time.
AIFRS	Australian equivalents to International Financial Reporting Standards.
Asset expansion expenditure	Expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to beneficiaries.
Asset renewal expenditure	Expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability.
Asset upgrade expenditure	Expenditure that: (a) enhances an existing asset to provide a higher level of service or (b) increases the life of the asset beyond its original life.
Assets	Future economic benefits controlled by Council as a result of past transactions or other past events.
Bad and doubtful debts	Bad debts written off and the movement in the bad debt provision for infringement debtors and sundry debtors.
Balance sheet	A quantitative summary of Council's financial condition at 30 June, including assets, liabilities and net equity.
Borrowing costs	Interest paid on borrowings.
Capital expenditure	Capital expenditure is relatively large (material) expenditure that produces economic benefits expected to last for more than 12 months. A pre-determined 'threshold' may be used which indicates the level of expenditure deemed to be material in accordance with Council's policy. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs to be allocated accordingly.
Cash and cash equivalents	Cash and investments readily convertible to cash, including cash on hand, cash held in the bank, deposits at call and highly liquid investments.
Contributions	Contributions received by Council are received for the purpose of providing and improving public open space, provision/improvement of the drainage system and in relation to specific projects.
Comprehensive Income Statement	A financial statement highlighting the accounting surplus or deficit which highlights whether Council has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation expenditure. It also includes other comprehensive income items including net asset revaluation increment (decrement reversal) and share of other comprehensive income of associates and joint ventures accounted for by the equity method, to arrive at a 'comprehensive result'. The comprehensive result equates to the movement in net assets or total equity.
Current assets	Assets where Council expects to receive the future economic benefit within the next twelve months unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current liabilities	Liabilities where Council expects to fulfil its obligation within the next twelve months unless the Council does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

Glossary

Item	Explanation
Depreciation	An expense which recognises the value of a fixed asset as it is used up over time.
Employee benefits	Relates to wages and salaries, casual staff payments, annual leave, long service leave, superannuation, fringe benefits tax, WorkCover and redundancy payments.
Equity	The residual interest in the assets of Council after deduction of its liabilities, which is made up of accumulated surplus and reserves. Total equity is also equal to net assets.
Expense	An outgoing payment made by Council.
Financing activities	Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity and borrowings not falling within the definition of cash.
Fixed assets	See Property, infrastructure, plant and equipment.
Grants – non-recurrent	Grant income received for a 'one off' specific purpose, generally for a particular project.
Grants – recurrent	Grant income received on a regular basis (i.e. quarterly, annually) and granted to Council by another entity for specific or general purposes.
Income	Income is the amount of money that Council actually receives from its activities, mostly from rates and services provided to customers and ratepayers.
Infrastructure	Non-current property, plant and equipment excluding land.
Interest	Includes interest earned on all cash and investment balances, interest earned on rates and unrealised gains on managed fund investments.
Interest bearing loans and borrowings	Council's borrowings.
Investing activities	Investing activities means those activities which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.
Liabilities	Future sacrifices of economic benefits that Council is presently obliged to make to other entities as a result of past transactions or other past events.
Materials and administrative costs	Expenditure incurred in relation to building maintenance, general maintenance, plant and equipment maintenance, office and administration, insurance, registration and Metropolitan Fire Brigade levy, financial and legal costs and information technology costs.
Changes in equity for the period	The net movement in the net surplus (deficit) and asset revaluation increments (decrements). This is also equal to the change in net assets.
Net asset revaluation increment (decrement)	This represents the increase (decrease) between the old valuation and new valuation of property and infrastructure asset classes, which were re-valued during the year.
Net assets	The difference between total assets and total liabilities, which represents Council's net worth. Net assets are also equal to total equity.
Net gain (loss) on disposal of property, plant and equipment, infrastructure	The net of income received in relation to the sale of assets and the carrying amount of assets sold, replaced or disposed of during the year.
New asset expenditure	Expenditure that creates a new asset that provides a service that does not currently exist.

Glossary

Item	Explanation
Non-current assets	Assets where the future economic benefit is not expected to be received within the next twelve months or where the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the
Non-current assets classified as held for sale	Non-current assets that Council intends to sell within the next twelve months.
Non-recurrent grants	Means a grant obtained on the condition that it is expended in a specified manner and is not expected to be received again during the period covered by a Council's Strategic Resource Plan.
Non-current liabilities	Liabilities where the obligation is not expected to be fulfilled within the next twelve months or where Council has a right to defer settlement of the liability for at least twelve months after reporting date.
Other expenses	Includes auditors' remuneration, Councillors' allowances, operating lease rentals, impairment losses, community grants and contributions, training and professional development expenditure, contract settlement expenditure and expenditure incurred in relation to special rate schemes.
Other income	Income received from donations, insurance recoveries, craft markets, festivals, local laws, right-of-way sales, transport and other sources.
Prepayments	Payments made by Council in advance of receiving the goods or services.
Property, infrastructure, plant and equipment	Often referred to as Fixed Assets. This is the largest component of Council's asset base or worth. This represents the value of all land, buildings, roads, footpaths, drains, bridges, vehicles, plant and equipment and so on, which are recorded on Council's asset register.
Provisions	Includes accrued long-service leave, annual leave, sick leave and rostered days off owing to employees at reporting date.
Rate and charges	Income received from ratepayers in relation to general rates, garbage rates and special rate schemes.
Recurrent grant	A grant other than a non-recurrent grant.
Reserves	Includes the asset revaluation reserve which includes the net revaluation increments and decrements arising from the revaluation of fixed assets in accordance with AASB 1041 'Revaluation of Non-Current Assets'. Other reserves include statutory reserves such as resort and recreation and carpark and general reserves where money is held in reserve for specific projects.
Restricted cash	Cash and cash equivalents, within the meaning of AAS, that are not available for use other than a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.
Right-of-way	Former laneway no longer required for access to surrounding properties.
Share of net profits (losses) of associates and	Council's share of the net profit/loss recognised in its joint venture partnerships.
Statement of capital works	Means a statement which shows all capital expenditure of a council in relation to non-current assets and asset expenditure type.

Glossary

Item	Explanation
Statement of cash flows	The statement of cash flows shows the net cash inflows and outflows in the forthcoming year in the form of a reconciliation between the opening and closing balances of total cash and investments for the year. The cash flow statement should be prepared in accordance with the requirements of AASB 107 Statement of Cash Flows.
Statement of changes in equity	The statement of changes in equity shows the movement in Accumulated Surplus and reserves for the year. The net movement in the net surplus (deficit) and asset revaluation increments (decrements). This is also equal to the change in net assets.
Statutory fees and fines	Includes parking infringements and costs, PERIN court recoveries, town planning fees, land information certificates and trader parking and street furniture permits.
Statutory reserves	Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative requirements. These reserves are not available for other purposes.
Strategic Resource Plan	Means the Strategic Resource Plan prepared by Council under Section 126 of the Act.
Surplus (deficit)	Represents the difference between total revenues, expenses, net gain (loss) on disposal of property, plant and equipment, infrastructure and share of net profits (losses) of associates and joint ventures accounted for by the equity method.
Trade and other payables	Monies owed by Council to other entities/individuals.
Trade and other receivables	Monies owed to Council by ratepayers and other parties less provisions for doubtful debts.
Trust funds and deposits	Monies received by Council for a specific purpose, which are to be refunded upon a specific event occurring (e.g.. Council assets are not damaged). If that specific event does not occur, Council is entitled to recognise these monies as income.
Unrestricted cash	Unrestricted cash represents all cash and cash equivalents other than restricted cash.
User fees	Income received by Council from a variety of fees and charges such as aged and health services fees, animal and local law fines and registrations, building permits and other charges, child care/children's program fees, debt collection recovery charges, debt collection recovery charges, election fines, recreation fees, library fines and other charges and tow-away charges.